HWA TAI 乐佳益

LUXURY

ラグジュアリー www.HwaTai.com لوكسري

Hwa Tai Industries Berhad

华大工业有限公司

Registration No.: 197401002656 (19688-V)

Vitamins A, B1, B2, B6 & D

Calcium

Iron

NO Cholesterol Transfat MSG

Annual REPORT 2025

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NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of the Company will be held at The Hwa Tai Grand Conference Room, Ground Floor, No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 11 June 2026 at 11.30 a.m.

	AGENDA	RESOLUTION NO.
1.	To present the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon.	–
2.	To approve payment of Directors' fee of RM100,000.00 for the financial year ended 31 December 2025.	**Ordinary Resolution 1**
3.	To re-elect Datuk Soo Chung Yee J.P. who retires by rotation in accordance with the Company's Constitution.	**Ordinary Resolution 2**
4.	To appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 3**
5.	To transact any other business appropriate to an Annual General Meeting, for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.	–
6.	As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-	
	ORDINARY RESOLUTION – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR, ENCIK KAMAL BIN ABD KARIM	**Ordinary Resolution 4**
	"That Kamal Bin Abd Karim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, be and is hereby retained as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2021."	
	ORDINARY RESOLUTION – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR, PUAN AISYAH KAMALIAH BINTI ABU BAKAR	**Ordinary Resolution 5**
	"That Aisyah Kamaliah Binti Abu Bakar, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, be and is hereby retained as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2021."	
	ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT, 2016	**Ordinary Resolution 6**
	That, subject to the Companies Act, 2016 and approvals from the relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued shares of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.	

That pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the Shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this Mandate.

Ordinary Resolution 6

And that the new shares to be issued shall, upon allotment and issuance, rank equally in all respect with the existing shares of the Company, save and except that they shall not be entitled to any dividend, rights, allotments and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares."

By Order of the Board
JESSICA CHIN TENG LI
(MAICSA 7003181) (SSM PC No.: 202008002790)
Company Secretary

Johor Darul Takzim, Malaysia
29 April 2026

NOTES:

Entitlement to Attend and Proxy

A member entitled to attend and vote at the Meeting is entitled to appoint at least 1 proxy to attend and vote instead of him/her. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting.

For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 57(B) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a Record of Depositors as at 4 June 2026. Only a depositor whose name appears on the Record of Depositors as at 4 June 2026 shall be entitled to attend the Meeting or appoint proxies to attend and vote on his/her behalf.

Audited Financial Statements (Agenda No. 1)

Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 requires the Directors to only lay before the Company at its annual general meeting its audited financial statements and thus, does not require a formal approval of the members for the audited financial statements. Hence, this item of the Agenda is not put forward for voting.

Auditors (Agenda No. 4)

The Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

Ordinary Resolutions 4 & 5 – Retention of Independent Non-Executive Directors, Encik Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar (Agenda No. 6)

The proposed Ordinary Resolutions 4 and 5 are to seek members' approval by way of a two-tier voting process on the retention of Encik Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar who have each served as Independent Non-Executive Directors in the Company for a cumulative term of more than nine years, in accordance with the Malaysian Code on Corporate Governance 2021. In the event members' approval is not obtained, the Directors concerned will be re-designated as Non-Independent Non-Executive Directors.

The Nomination Committee ("NC") and the Board of Directors ("Board") of the Company, after having assessed the independence of Encik Kamal and Puan Aisyah Kamaliah, consider them to be independent and recommend that they be retained as Independent Non-Executive Directors of the Company. Both Directors have met the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The NC and Board have determined in their annual assessment that Encik Kamal and Puan Aisyah Kamaliah remain objective and continue to bring independent judgement to Board deliberations and decision making to ensure effective checks and balances in Board proceedings. In addition, their high calibre and vast experience enable them to contribute positively in Board discussions. The Board recognises that independence should not be determined solely based on tenure of service and that the continued tenure of service brings considerable stability to the Board which is important to the Company.

Encik Kamal and Puan Aisyah Kamaliah had abstained from deliberation and voting on their respective retention as Independent Non-Executive Director at the relevant NC and Board meetings.

Ordinary Resolution 6 – Authority to the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 (Agenda No. 6)

The proposed Ordinary Resolution 6 on Authority to the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016, if passed, will give a renewed mandate to the Directors of the Company with full power to issue shares in the Company up to an amount not exceeding in total 10% of the issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would enable the Directors to take swift action in case of a need for any possible fund raising corporate exercise or in the event of business opportunities arise which involve the issuance of new shares, thus avoiding any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This renewed mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. At this juncture, there is no decision to issue new shares and the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing Shareholders. If there should be a decision to issue new shares after this renewed mandate is obtained, the Company will make announcement in respect thereof.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 May 2025, which mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual other than the retiring Directors is seeking election as a Director at the forthcoming Fifty-First Annual General Meeting of the Company. The details of the retiring Directors standing for re-election are set out in the Directors' Profile appearing on pages 7 and 8 of this Annual Report. An assessment on all the retiring Directors had been conducted by the Nomination Committee.

ANNUAL REPORT 2025

The Annual Report 2025 (including the Form of Proxy) may be downloaded from the websites of the Company www.hwatai.com and Bursa Malaysia Securities Berhad www.bursamalaysia.com.

Members may contact the Company or the Share Registrar to receive a printed copy of the Annual Report 2025:-

Company
By mail : Hwa Tai Industries Berhad, No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor, Malaysia
By e-mail : ir@hwatai.com.my
By Phone or Fax : (Tel) 607-415 1688 (Fax) 607-415 1135

Share Registrar
By mail : Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
By e-mail /electronically: is.enquiry@vistra.com or request via **https://srmy.vistra.com** by selecting "Request for Annual Report" under the "Investor Services".
By Phone : (Tel) 603-2783 9299

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK SOO CHUNG YEE J.P.
(Executive Chairman)

KAMAL BIN ABD KARIM

AISYAH KAMALIAH BINTI ABU BAKAR

FONG MAY KHUAN

COMPANY SECRETARY

Jessica Chin Teng Li
(MAICSA 7003181)
(SSM PC No.: 202008002790)

REGISTERED OFFICE & PRINCIPAL BUSINESS ADDRESS

No. 12, Jalan Jorak
Kawasan Perindustrian
Tongkang Pecah
83010 Batu Pahat
Johor Darul Takzim
Malaysia
Tel. No.: 607-415 1688
Fax No.: 607-415 1135
Email: management@hwatai.com.my

CORPORATE OFFICE

No. L9, Jalan ML 16
ML-16 Industrial Park
43300 Seri Kembangan
Selangor Darul Eshan
Malaysia
Tel. No.: 603-8964 5600
Fax No.: 603-8964 5400

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. No.: 603-2783 9299
Email: is.enquiry@vistra.com

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel. No.: 603-2297 1000
Fax No.: 603-2282 9980

PRINCIPAL BANKERS

RHB Bank Berhad
Bank Muamalat Malaysia Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Affin Islamic Bank Berhad

LISTING

Bursa Malaysia Securities Berhad,
Main Market – Listed since 1992

WEBSITE

www.hwatai.com

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATUK SOO CHUNG YEE J.P.

Non-Independent
Executive Director

YBhg. Datuk Soo Chung Yee J.P., Malaysian, male, aged 47, is the Executive Chairman. He was appointed to the Board on 16 August 2004 and redesignated to his current position from Group Chief Executive Director on 21 February 2024. YBhg. Datuk Soo holds a Bachelor of Arts from the University of Derby, United Kingdom. He was awarded the Asia Pacific Entrepreneurship Award (Emerging Entrepreneur – Malaysia) in 2007 and the JCI Creative Young Entrepreneur Award (Junior Chamber International – Malaysia) in 2008. He also holds several directorships in private companies in Malaysia and abroad.

He is a member of the Risk Management Committee.

YBhg. Datuk Soo has a direct shareholding of 33,020,167 ordinary shares in the Company as at 31 March 2026 representing 44.13% of the Company's total issued shares. He is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his interest in the Company.

He does not have any family relationship with any directors and/or major shareholders of the Company. He also does not have any conflict of interest or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. He does not have any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

ENCIK KAMAL BIN ABD KARIM

Independent Non-Executive
Director

Encik Kamal Bin Abd Karim, Malaysian, male, aged 47, was appointed to the Board on 27 June 2016. He holds a Bachelor of Laws LLB (Hons) from International Islamic University Malaysia. Encik Kamal, an advocate & solicitor, was admitted to the Malaysian Bar in year 2003 and has been practicing at Messrs. Soo Thien Ming & Nashrah ever since. He is also a partner of the said firm.

Encik Kamal is the Chairman of the Audit Committee. He also sits in the Nomination Committee, Remuneration Committee and Risk Management Committee.

He does not have any family relationship with any directors and/or major shareholders of the Company. He does not have any interest in the securities of the Company or its subsidiaries. He does not have any conflict of interest or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. He does not have any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

PROFILE OF THE BOARD OF DIRECTORS (CONTINUED)

PUAN AISYAH KAMALIAH BINTI ABU BAKAR

Independent Non- Executive Director

Puan Aisyah Kamaliah Binti Abu Bakar, female, aged 37, was appointed to the Board on 27 June 2016. She holds a Bachelor of Laws LLB (Hons) from International Islamic University Malaysia. Puan Aisyah Kamaliah is an advocate & solicitor practicing at Messrs. Ang & Koh and a partner of the said firm.

Puan Aisyah Kamaliah sits in the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

She does not have any family relationship with any directors and/or major shareholders of the Company. She does not have any interest in the securities of the Company or its subsidiaries. She does not have any conflict of interest or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. She does not any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

MADAM FONG MAY KHUAN

Independent Non- Executive Director

Madam Fong May Khuan, female, aged 43, was appointed to the Board on 1 August 2018. She is a member of CPA Australia and the Malaysian Institute of Accountants. Madam Fong worked with TAMS Management Services Sdn. Bhd. as an accounts manager. She was also involved in organising annual seminars for analysing the Malaysian National Budget.

Madam Fong May Khuan is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She does not have any family relationship with any directors and/or major shareholders of the Company. She does not have any interest in the securities of the Company or its subsidiaries. She does not have any conflict of interest or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. She does not have any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

AUDIT COMMITTEE **REPORT**

1. COMPOSITION OF AUDIT COMMITTEE

Kamal Bin Abd Karim (Chairman)	Independent Non-Executive Director
Aisyah Kamaliah Binti Abu Bakar	Independent Non-Executive Director
Fong May Khuan *	Independent Non-Executive Director

* *A member of the Malaysian Institute of Accountants*

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee which had been reviewed and updated on 26 August 2025 to be consistent with the latest Malaysian Code on Corporate Governance is available in the Company's website www.hwatai.com.

3. AUDIT COMMITTEE MEETING

During the financial year ended 31 December 2025, a total of five (5) Audit Committee Meetings were held. Details of the attendance of each Committee Member are as follows:-

Name of Audit Committee Member	Attendance
Kamal Bin Abd Karim	4 of 5
Aisyah Kamaliah Binti Abu Bakar	5 of 5
Fong May Khuan	5 of 5

4. ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee in respect of the financial year ended 31 December 2025 included the following:

a. Reviewed the quarterly unaudited financial results before recommending them for the Board's approval for public announcement. The reviews were conducted through discussions with the Company's head of finance.

b. Reviewed and discussed with the External Auditors their audit plan for the financial year ended 31 December 2025 before commencement of the financial year end audit. The matters reviewed and discussed in the audit plan included the independence of the External Auditors, consideration of fraud, related party disclosures & procedures, statutory timeline & audit activities, risk assessment & audit approach, financial impact of climate-related risks, focus areas of the audit & key audit matters, accounting developments, sustainability reporting requirements, any engagement to provide non-assurance services, the proposed audit fees and responsibilities of the Board of Directors and External Auditors.

AUDIT COMMITTEE REPORT
(CONTINUED)

4. ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025 included the following (continued):

c. Reviewed and discussed with the External Auditors their audit review, significant findings and the management's responses in respect of the audit for the financial year ended 31 December 2025. The matters reviewed and discussed in the audit review included the audit scope and approach, independence of the External Auditors, status of the audit and also focus areas of the audit such as risk management & internal controls, any fraud related matters, related party transactions, significant audit findings, potential key audit matters, matters for control improvements, significant outstanding matters, uncorrected misstatements, accounting developments, other information included in the Annual Report, any provision of non-assurance services, enhanced sustainability reporting requirements including the National Sustainability Reporting Framework and submission of financial statements to Companies Commission of Malaysia via digital filing system i.e. Malaysian Business Reporting System (MBRS). The significant audit findings reviewed and discussed included inventory valuation, recoverability of long outstanding trade receivables, impairment review on property, plant & equipment and impairment review on investment in subsidiaries; and potential key audit matters comprising inventories, trade receivables, property, plant & equipment (work-in-progress) and investment in subsidiaries.

d. Reviewed and discussed with the External Auditors the Group's audited financial year end statements together with the Directors' and Auditors' Reports before recommending them for the Board's approval for public announcement. The review and discussion also included the potential key audit matters and the management representation letter. The review and discussion were conducted to ensure that the audited financial year end statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016, and give a true and fair view of the financial position of the Company and of the Group and of their financial performance and cash flows.

e. Reviewed the related party transactions that had arisen within the Company and Group. The Audit Committee is satisfied that the transactions with directors, substantial shareholders and persons connected are duly disclosed.

f. Reviewed with the Internal Auditor the internal audit reports, findings and recommendations and management's responses, and discussed actions taken by the management to improve the internal control system in various divisions in the Group.

g. Observed that there were not any conflict of interest situations involving Directors and key senior management with the Group.

h. Convened meetings with the External Auditors without the attendance of the management. Two (2) of such meetings were held during the financial year.

i. Reviewed the suitability in terms of performance, competency and professionalism of the External Auditors to be recommended for re-appointment, and secured the assurance on independence from the External Auditors.

5. INTERNAL AUDIT

The Internal Audit function involves the implementation of independent and systematic reviews of the processes and guidelines of the Group and the reporting of their application and compliance to the Audit Committee and Board of Directors. The Internal Audit function also involves the reporting of the state of internal control of the various operations within the Group and the extent of compliance with the established policies and procedures and the suggestion of any additional improvement opportunities in the areas of internal control, systems and efficiency improvement.

During the financial year ended 31 December 2025, the following Internal Audit activities were carried out:-

a. Mapping of the current state of procedures and process.

b. Testing, evaluating and identifying potential areas that lack internal control.

c. Analysing and assessing certain key operation processes, report findings and make recommendation for improvements.

d. Reviewing compliance with established policies and procedures, as well as assessing the adequacy and effectiveness of the Group's internal control.

e. Reviewing the related party transactions that had arisen within the Company and Group.

The specific divisions in which Internal Audit was carried out during the financial year are as follows:-

Logistic (Johor) – Loading Procedure & Utilisation of Own Lorry for Domestic Sales Audit. The Internal Audit conducted included checking of lorry permits, road tax & insurance, approval matrix for authorising various documents, loading procedure, operating procedure for lorry trip schedules, lorry repair procedure, lorry expenses such as maintenance, insurance, road tax, diesel consumption, depreciation, hire purchase interest etc, outsource transporter costs and total transportation costs.

Quality Assurance, Production, Safety & Health (Johor) – Compliance & Governance Audit. The Internal Audit conducted included checking of various licences & certificates of the Company, Product Quality & Food Safety Audit to ensure compliance on quality standards under Malaysia Food Act 1983 (Act 281) and other regulations, safety priorities and ethical considerations, Labour Law Compliance Audit to ensure human resources measures implemented are in accordance with relevant Malaysian laws, Environment Pollution and Fire Safety Audit to protect the environment and keep workplace safe from pollution and fire and Sustainability Governance Audit to evaluate the effectiveness of sustainability governance processes in the manufacturing operations and to ensure alignment with regulatory requirements and internal controls.

Production (Johor) – Production Waste & Defects Audit. The Internal Audit conducted included list of laws & regulations with the respective departments and persons-in-charge, approval matrix for authorising various documents, inspection & testing for incoming raw/packaging materials, on-line and finished goods internal controls, finished goods returned from distributors controls, finished goods defects rate, daily production waste collection procedure, production waste standard operation procedure, check-points to identify production waste & defects, sectional production rejection rates and total production rejection rates.

Purchasing (Johor) – Purchasing Department Audit. The Internal Audit conducted included approval matrix for authorising various documents, approval limit for purchase order, costs analysis, purchases analysis & consumption analysis of raw & packing materials, purchases internal controls, delivery lead times, new suppliers & new materials evaluation/selection procedures and approved suppliers evaluation procedure.

The internal audit function is outsourced to an individual who holds a Bachelor degree and who is free from any relationships or conflicts of interest to carry out the Internal Audit function independently, Lam Ruey Shiang. The Group incurred approximately RM23,000/- for the Internal Audit function during the financial year ended 31 December 2025.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE

BOARD RESPONSIBILITY

The Board of Directors is committed and continues to ensure the compliance with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2021 ("Code") to ensure high standards of corporate governance are practiced in the Group. The Board is pleased to provide the following overview statement on how the Group has applied the principles and best practices as set out in the Code. The details of the Group's application of each practice of the Code during the financial year may be downloaded from the Company's website www.hwatai.com.

BOARD OF DIRECTORS

A. The Board.

The Board leads and controls the Group. The Board is bestowed with the duty and responsibility to ensure the interests of the shareholders are protected. The duties and responsibilities of the Board which are separated from that of the management, are spelt out in the Board Charter which is available in the Company's website.

Where appropriate, formal structures and committees are in place to facilitate the Board in carrying out its duties. All Board committees report to the Board.

The Board meets on a regular and scheduled basis, at least 4 times a year.

B. Composition and Board Balance.

The Board comprises 4 members to reflect the interests of the major shareholder, management, and minority shareholders.

The Executive Chairman heads the Board with 3 Independent Non-Executive Directors.

The Directors together bring a wide range of business, financial, industrial and legal experience to lead the Group in the area of business strategies, performance, utilization of resources, sustainability initiatives and standards of conduct.

Generally, the Executive Chairman is responsible for carrying out the day to day operational functions while the Non-Executive Directors will play the supporting role by contributing their knowledge and experience in the business strategic plans.

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision making process.

BOARD OF DIRECTORS (CONTINUED)

C. Board Meetings and Supply of Information.

A Board report is prepared prior to the Board meeting and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers provide information on the operating results, financial, corporate development, minutes of Board Committees and acquisitions and disposals proposals, if any.

In furtherance of the Directors' duties, all members, either as full Board or in their individual capacities, will have access to all information of the Group.

Directors are also free to seek independent advice should the need arise and have direct access to the advice and services of the Company Secretary.

During the financial year ended 31 December 2025, the total number of Directors' Meetings convened was 5. The details of attendance of Directors at these Meetings are as follows:

Name of Director	Number of Meetings Attended
Datuk Soo Chung Yee J.P.	5 of 5
Kamal Bin Abd Karim	4 of 5
Aisyah Kamaliah Binti Abu Bakar	5 of 5
Fong May Khuan	5 of 5

D. Appointments to the Board.

In compliance with the Code on the appointment of Directors, the Board had set up a Nomination Committee to advise the Board on the nomination of new Board members and assess Directors on an ongoing basis.

The duties and responsibilities are spelt out in the Terms of Reference of the Nomination Committee which had been reviewed and updated on 26 August 2025 and is available in the Company's website.

The Nomination Committee comprises Encik Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Madam Fong May Khuan, all of whom are Independent Non-Executive Directors.

The Committee shall make recommendations to the Board on the appropriate appointments of new Directors and also to fill seats on committees of the Board. In making recommendation to the Board on the candidate for appointment, the Committee shall determine various criteria objectively including qualities, experience, skills, level of commitment and time that the candidate can contribute and shall also take into consideration the composition and mix skills of the existing Board.

Whilst the Committee respects the requirement for gender diversity, emphasis shall first be placed on the qualities, experience and skills of a candidate irrespective of gender, which would best correspond to the composition of the Board so as to function effectively and efficiently. Nevertheless, with 2 female Board members, Puan Aisyah Kamaliah Binti Abu Bakar and Madam Fong May Khuan, the Company fulfilled the 30% female representation on the Board and this is a testament of the Company's support for gender diversity. The Diversity, Equity and Inclusion Policy updated as at 26 August 2025 is set out on page 19 of this Annual Report and also available in the Company's website.

BOARD OF DIRECTORS (CONTINUED)

D. Appointments to the Board. (continued)

In addition, the Nomination Committee assesses the contribution of individual Board members, the effectiveness of the Board and the committees of the Board on an annual basis.

During the financial year, the Committee had carried out an evaluation of each Director's ability to contribute to the effectiveness of the Board and its committees, including an assessment of the independent directors on their independence through a formal and objective process. It also evaluated the Directors who were due for retiring and proposed these retiring Directors to the Board to be put forward for re-election by the shareholders. In addition, the Committee reviewed and made recommendations to the Board in respect of the composition of the Board and Committees.

E. Re-election.

In accordance to the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting and all Directors shall retire from office at least once in every 3 years. Directors appointed by the Board are subject to retirement at the next Annual General Meeting held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

The tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, the Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains, as an Independent Director, a person who has served in that capacity for more than 9 years.

In addition, if the Board continues to retain an Independent Director after the 9th year, the Board should seek annual shareholders' approval through a 2-tier voting process. Under the 2-tier voting process, shareholders' votes will be cast in the following manner whereby the resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution:-

- Tier 1 : Only the *Large Shareholders of the Company vote; and
- Tier 2 : Shareholders other than *Large Shareholders vote.

* *Large Shareholders means a person who:-*

- *is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;*
- *is the largest shareholder of voting shares in the Company;*
- *has the power to appoint or cause to be appointed a majority of the Directors of the Company; or*
- *has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.*

Encik Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar have each served as Independent Directors in the Company for a cumulative term of more than nine years, and the Nomination Committee and the Board of Directors, after having assessed the independence of Encik Kamal and Puan Aisyah Kamaliah, consider them to be independent and recommend that they be retained as Independent Directors of the Company at the Company's forthcoming Annual General Meeting.

DIRECTORS' TRAINING

The Nomination Committee is tasked to facilitate Board induction and training programmes.

All the Directors had attended the Mandatory Accreditation Programme Part I within 4 months from their respective dates of appointment and also the Mandatory Accreditation Programme Part II within the required timeline.

During the financial year, the Directors were unable to attend any formal training due to their demanding work schedules and commitments. Nevertheless, the Directors, all being professionals in their respective fields, are well-informed of new corporate developments especially in their individual areas of expertise. In addition, the Directors were also updated by the Management and the External Auditors on any latest material development on various relevant rules and regulations.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board set up the Remuneration Committee to review the policy and make recommendations to the Board on the remuneration package and benefits annually as accorded to the Executive Directors. The Executive Directors shall not participate in the decision makings relating to their own remunerations. The Executive Directors are delegated to determine the remuneration package of senior management of the Group.

The Terms of Reference of the Remuneration Committee and the Remuneration Policy which had been reviewed and updated on 26 August 2025 are available in the Company's website.

The members of the Remuneration Committee comprise Encik Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Madam Fong May Khuan, all of whom are Independent Non-Executive Directors.

Fees payable to the Directors are proposed by the Remuneration Committee to the Board who will then recommend for shareholders' approval at the Annual General Meeting.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, whereas the remuneration package for the Non-Executive Directors will hinge on their contribution to the Group in terms of their knowledge and experience.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

The breakdown of the Directors' remuneration including the estimated monetary value of benefit in kind during the financial year ended 31 December 2025 is disclosed below:-

Name of Director	Position	Directors' Fees	Salaries	Allowance	Bonus	Other emoluments *
Datuk Soo Chung Yee J.P.	Executive Chairman of the Board	RM30,000	RM1,415,616	–	–	RM 171,313
Kamal Bin Abd Karim	Chairman of Audit Committee	RM30,000	–	–	–	–
Aisyah Kamaliah Binti Abu Bakar	Independent Director	RM20,000	–	–	–	–
Fong May Khuan	Independent Director	RM20,000	–	–	–	–

* *Note: Other emoluments refer to employer's statutory contributions.*

The Company had a total of 3 personnel in positions of senior manager and above. The breakdown of the remuneration including the estimated monetary value of benefit in kind of these top 3 senior management during the financial year ended 31 December 2025 in bands of RM50,000 is disclosed below. The disclosure below is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential to avoid unhealthy comparison which might lead to discontentment among employees and an unharmonious working environment and also to avoid employee poaching from competitors:-

	Number of Senior Management			
Ranges of Remuneration	Salaries	Bonus	Allowances	Other emoluments *
RM0 – RM50,000	–	2	3	2
RM50,001 – RM100,000	–	1	–	1
RM100,001 – RM150,000	1	–	–	–
RM150,001 – RM200,000	1	–	–	–
RM200,001 – RM250,000	1	–	–	–

* *Note: Other emoluments refer to employer's statutory contributions.*

SHAREHOLDERS

Dialogue between the Group and Investors

The Group recognizes the importance of accountability to the shareholders and as such, conveys information on the Group's performance, directions, other matters of interest to the shareholders by way of annual reports, relevant circulars, public announcements, the Company's website and the issuance of press releases.

Annual General Meeting

Annual General Meeting is used as a primary mode of communication to report on the Group's performance. Notice of Annual General Meeting is issued at least 28 days before the date of meeting.

At the Annual General Meeting, shareholders are encouraged to raise any questions pertaining to any issues regarding the Group.

The Executive Chairman, assisted by the Directors and the management are available to answer any queries and discuss matters pertaining to the business activities of the Group.

All resolutions in the Agenda of Annual General Meeting shall be put to vote by poll, and the results of such votes shall be announced to the public detailing the number of votes cast for and against.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly financial results, the Directors take steps to ensure a clear, balanced and understandable assessment of the Group's positions and prospects.

The Audit Committee is tasked to review and recommend for Board approval the Group's annual financial statements and quarterly financial results.

The Statement by Directors pursuant to section 251(2) of the Companies Act 2016 is set out on page 115 of this Annual Report.

Risk Management and Internal Controls

The Board recognizes its responsibilities to maintain a sound system of risk management and internal controls to safeguard shareholders' investment and Group's assets. The Risk Management Committee is established to oversee the Group's risk management framework and policies. The Risk Management Committee comprises a majority of independent directors, namely, YBhg. Datuk Soo Chung Yee J.P., Encik Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar.

The review of the system of risk management and internal controls is set out under the Statement of Risk Management and Internal Controls on pages 20 to 22 of this Annual Report. The Statement on Risk Management and Internal Controls had been reviewed by the external auditors.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee / Relationship with Auditors

The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 9 to 11 of this Annual Report.

Ethical Conduct and Sustainability

Employees are introduced to the ethical corporate culture of the Group during employee induction and thereafter, employees are constantly monitored to ensure the culture is upheld in their dealings within the Group and also in their association with our customers, distributors, suppliers, governmental and regulatory authorities and other business associates. Any employee may report directly to the Executive Chairman of any ethical misconduct discovered within the Group. A written Code of Ethics and Business Conduct, a written Whistleblowing Policy and a written Anti-Corruption Policy are established to form a guide to all employees. These said code and policies are available in the Company's website.

The Group consistently conducts its business in a manner which underpins sustainability. The Sustainability Statement is set out on pages 26 to 40 of this Annual Report.

Corporate Social Responsibility

The Company continued with its tradition of contributing annually to various schools and non-profit organisations such as associations of the handicapped and disabled persons and homes for the aged, both monetarily and in-kind.

DIVERSITY, EQUITY AND INCLUSION POLICY

POLICY

Hwa Tai Industries Berhad is committed to promoting, nurturing and preserving a culture of diversity, equity and inclusion within the Group.

Our human capital is the Group's most treasured asset. The summation of the individual differences, experiences, knowledge, resourcefulness, expressiveness, unique skills and talent that our employees contribute in their work represents a significant part the Group's culture, reputation and achievement.

We embrace and foster our employees' differences in age, colour, disability, ethnicity, marital status, gender identity, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, seniority, and other characteristics that make our employees unique.

Hwa Tai Group's diversity initiatives are applicable but not limited to our practices and policies on recruitment, remuneration, benefits, compensation, training, promotions, transfers, social programs, layoffs, terminations, and the ongoing development of a work environment built on the premise of diversity, equity and inclusion that promotes and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity and equity.

All employees of Hwa Tai Group have a responsibility to treat each other with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site and at all other company-sponsored events.

Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the Group's Diversity, Equity and Inclusion policy should seek assistance from his / her supervisor. However, if the complainant is not comfortable speaking to the supervisor or not satisfied with the supervisor's response, the complainant is encouraged to speak to the Head of Human Resources Department or anyone in management whom the complainant feels comfortable with.

The supervisor / Head of Human Resources Department / manager must then assist the complainant to submit a written complaint to the Chief Operating Officer or the Executive Chairman who will, as soon as reasonably possible, nominate an appropriate investigation officer who is without any conflict of interest. The investigation officer shall with the assistance, where appropriate, of other individuals in the organisation, investigate the complaint and prepare a written report containing the findings of the investigation and reasons for the judgement. The report will be passed to the Chief Operating Officer and the Executive Chairman. The Chief Operating Officer / the Executive Chairman will decide what action to take and ensure the management takes into account recommendations contain in the investigation report to prevent the conduct from continuing or occurring in the future and takes appropriate actions to remedy any harm or loss arising from the conduct.

REVIEW

The Board of Directors can modify this Diversity, Equity and Inclusion Policy at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with laws and regulation and / or accommodate organisational changes within Hwa Tai Group. This Diversity, Equity and Inclusion Policy was approved by the Board of Directors on 26 August 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Hwa Tai Industries Berhad ("HTIB") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2025, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board of Directors recognises its overall responsibility for maintaining the Group's system of Risk Management and Internal Controls to safeguard shareholders' investment and the Group's assets, as well as for regularly reviewing the adequacy and integrity of the internal control system.

Due to limitations inherent in any system of internal control, it is important to note that the system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Executive Chairman and the Chief Operating Officer had given their assurance that, to their best knowledge and belief, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

RISK MANAGEMENT

The Board also recognises that risk management should be an integral part of the Group culture and is a continuous on-going process of identifying, evaluating, minimising and managing of significant risk faced by the Group. The management is responsible for promoting risk awareness culture and to build the necessary environment for effective risk management. In addition, the Heads of Department are responsible for managing the risk of their department on a day-to-day basis. Significant issues related to risk management and internal controls are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.

KEY ELEMENTS OF INTERNAL CONTROLS

Key elements of the Group's internal controls that have been in place for the financial year which include the following:

1. The Group has a well-defined organisational structure with clear lines of reporting, responsibilities and appropriate level of authority.

2. There are clear definition of authorisation procedures for major operating functions including purchases, capital expenditures, payments, credit control and stock control. Authority of the Directors is required for key treasury matters which include loan and trade financing, cheque signatories and opening of bank accounts.

3. There is a budgeting and business planning process in each financial year to establish plans and targets for each operating unit. The performance of each operating unit is monitored through monthly reports.

KEY ELEMENTS OF INTERNAL CONTROLS (CONTINUED)

Key elements of the Group's internal controls that have been in place for the financial year which include the following (continued):

4. The Group's management team meets frequently to review and monitor the business development, discuss and resolve key operational and management issues and review the performance against the business plan and budget for each operating units within the Group.

   The management also highlights any significant issues and changes in the business, major policy matters, external environment affecting the Group and financial performance of each operating unit to the Board of Directors and Audit Committee when the Board and Committee meet quarterly.

5. Adequate financial and operational information systems are in place to capture and present timely and pertinent business information.

6. The Audit Committee reviews the quarterly financial results and yearly audited financial statements prior to the approval by the Board of Directors.

7. The Audit Committee also reviews the internal auditor's reports and monitors the status of the implementation of corrective actions to address internal control weaknesses.

8. In addition to the internal controls, the Board of Directors and management have ensured that safety and health regulations have been considered and complied with.

9. The Company was accredited ISO 9002 since 1996 and upgraded to ISO 9001 Quality Management Systems since year 2002. Currently, the Company is holding certificate ISO 9001: 2015. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by the assessors of the ISO certification body to ensure that the system is adequately implemented.

10. Emphasis is given to food safety. The Company was accredited the Hazard Analysis Critical Control Point (HACCP) system certification since year 2000. The Company continually implements and intergrades more food safety systems and was certified with ISO 22000: 2005 in year 2018. Currently, the Company is holding certificate ISO 22000: 2018. Good Manufacturing Practice is documented and practiced to ensure food safety.

11. Other than above quality and food safety management, the Company was certified with Malaysia Halal Certificate MS 1500: 2019 which is a testimony that its operations and products have qualified in terms of religious assurance, safety and hygiene.

12. Environmental sustainability and ecosystem protection are important considerations for the Group. Necessary measures and plans have been implemented to ensure that the Group's operations comply with relevant environmental laws and regulations.

13. In ensuring each operating unit is functioning efficiently, much emphasis is placed on personnel employed. The professionalism and competence of the staff are maintained through a structural recruitment process, performance appraisal system and wide variety of training and development programmes.

KEY ELEMENTS OF INTERNAL CONTROLS (CONTINUED)

As required by Paragraph 15.23 of Bursa Securities Main Market Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement of Risk Management and Internal Controls. Their limited assurance engagement was performed in accordance with ISAE 3000, *Assurance Engagement other than Audits or Review of Historical Financial Information* and Assurance and Audit Practice Guide ("AAPG") 3, *Guidance for Auditors on the Review of the Statement on Risk Management and Internal Control* included in the Annual Report.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with disclosure required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

DIRECTORS' RESPONSIBILITY STATEMENT **AND OTHER INFORMATION**

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the financial year end and of the financial performance and cashflows of the Company and of the Group for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2025 as set out herein on pages 51 to 114 of this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards have been followed in respect of the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors and chief executive who is not a director or major shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year. The Company and its subsidiaries do not have any such chief executive.

Audit Fees

The amount of audit fees incurred for services rendered to the Company and the Group by the Auditors, Messrs. Baker Tilly Monteiro Heng PLT, during the financial year totalled approximately RM120,300/- and RM174,900/- respectively.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and the Group by the Auditors, Messrs. Baker Tilly Monteiro Heng PLT, or a firm or corporation affiliated to them during the financial year totalled approximately RM20,300/- and RM45,000/- respectively. These services comprised the computation and submission of tax and also review of certain statements and information as required by Bursa Malaysia.

Utilisation of Proceeds raised from Corporate Proposals

The Company did not implement any fund raising exercise during the financial year.

Recurrent Related Party Transaction of a Revenue Nature

There was no recurrent related party transaction of a revenue nature which requires Shareholders' mandate during the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT AND OTHER INFORMATION (CONTINUED)

OTHER INFORMATION (CONTINUED)

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

		Group	
Total Income	**Remarks**	**2025 (RM)**	**2024 (RM)**
Revenue		106,663,023	99,865,507
Interest income		112,776	127,921
Other income		111,417	147,165
Others	Gain on modification - Loan from Director	480,536	0
Total		**107,367,752**	**100,140,593**
Total Assets		**103,850,680**	**104,895,719**

(B) Business Activities

		Group	
Shariah Non-Compliant Activities	**Remarks**	**2025 (RM)**	**2024 (RM)**
		Not Applicable	Not Applicable
Total		**Not Applicable**	**Not Applicable**

(C) Component of Financial Position

(i) Cash Component

		Group	
	Remarks	**2025 (RM)**	**2024 (RM)**
Islamic Account/Instruments			
Cash at bank (exclude cash in hand)		4,620,522	2,908,439
Deposits with licensed bank		700,000	1,600,000
Total		**5,320,522**	**4,508,439**
Conventional Account/Instruments			
Cash at bank (exclude cash in hand)		672,473	350,087
Deposits with licensed bank		2,074,532	3,037,807
Total		**2,747,005**	**3,387,894**

OTHER INFORMATION (CONTINUED)

Disclosure of Financial Data for Shariah Screening (continued)

(C) Component of Financial Position (continued)

(ii) Debt Component

		Group	
Islamic Financing	**Remarks**	**2025 (RM)**	**2024 (RM)**
Current			
Bank overdrafts		2,353,600	2,801,681
Banker's acceptances		14,666,361	12,099,767
Non-Current			
Amount due to Shareholder/Subsidiary/Associate/Joint Venture/Directors/Third Party without interest		7,519,464	8,000,000
Total		**24,539,425**	**22,901,448**

		Group	
Conventional Borrowing	**Remarks**	**2025 (RM)**	**2024 (RM)**
Current			
Bank overdrafts		1,374,421	924,087
Hire purchase payables		855,885	783,470
Banker's acceptances		9,250,000	11,686,000
Non-Current			
Hire purchase payables		1,081,397	1,207,049
Total		**12,561,703**	**14,600,606**

SUSTAINABILITY **STATEMENT**

1. Sustainability Governance

1.1. Sustainability Governance

Oversight of Sustainability Matters

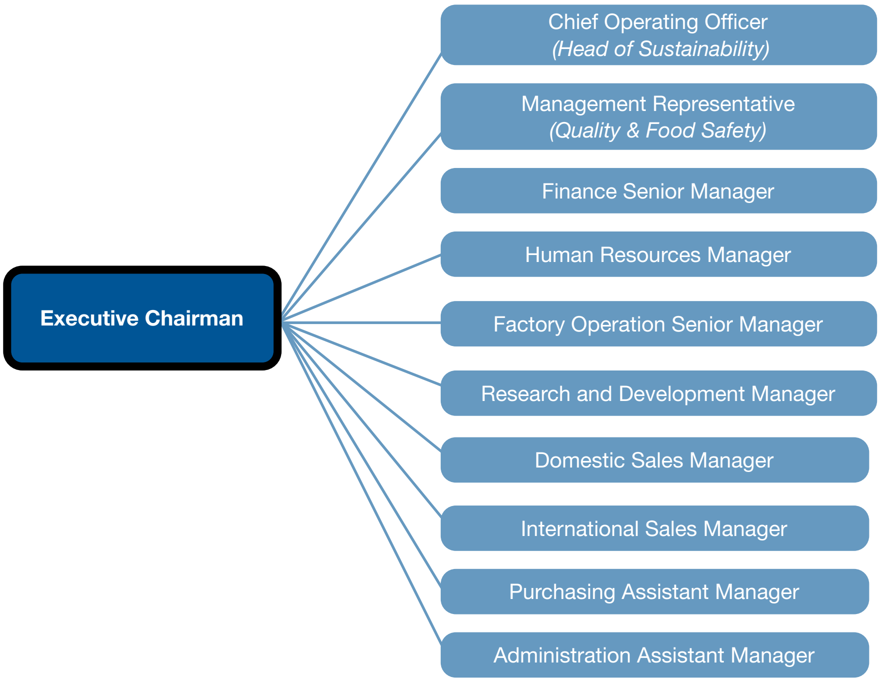
Hwa Tai Group's commitment to sustainability is steered by the Board of Directors, who had established a dedicated working group to integrate sustainability into the company's business approach. Led by the Executive Chairman with the assistance of the Chief Operating Officer, this working group plays a key role in formulating strategies, policies, and objectives pertaining to sustainability matters. The comprehensive evaluation of economic, environmental, and social impacts guides the Group's decision-making process, ensuring better control and resource efficiency. The Chief Operating Officer oversees sustainability practices across various operating units, each responsible for embedding sustainability in their day-to-day operations. Regular monitoring and reporting to the Executive Chairman contribute to effective oversight.

Strategic Management of Sustainability Matters

Hwa Tai's strategic approach to material sustainability matters involves collaborative efforts between the Board of Directors and the specialized working group. This strategic management focuses on developing policies, strategies, and objectives that align seamlessly with the company's overall goals. The forward-looking nature of this management aims to integrate sustainability principles into the core of business operations, mitigating risks, and capitalizing on emerging opportunities. The Board ensures that these strategies contribute to the holistic understanding of the company's performance.

Day-to-Day Implementation of Sustainability Matters

For the day-to-day implementation of sustainability initiatives, Hwa Tai entrusts various operating units within the organization. Guided by the working group under the leadership of the Chief Operating Officer, each unit seamlessly integrates sustainability into its daily processes. This decentralized approach empowers different units to contribute to the overall sustainability goals, fostering a culture of responsibility and awareness. Regular reporting mechanisms to the Executive Chairman ensure transparency and accountability, allowing each unit to actively participate in Hwa Tai's commitment to sustainability.



1.2. Reporting Scope

The Group's sustainability reporting covers operations under its control and focuses on activities that are material to its business and stakeholders. For FY2025, the reporting scope primarily includes the Group's manufacturing operations located in Batu Pahat, Johor, where the majority of production activities, energy consumption, and workforce are concentrated. It does not include the production segment of Hwa Tai's subsidiary in Kota Kinabalu, Sabah which is less significant to the Group's sustainability reporting.

Distribution and non-manufacturing activities are also excluded from the reporting scope as their environmental and social impact is comparatively limited. This focused approach enables the Group to provide a meaningful and accurate representation of its sustainability performance.

1.3. Reporting Boundaries and Basis

The reporting boundaries and scope are determined based on operational relevance, data availability, and stakeholder considerations, taking into account the Group's size and nature of operations. The Group adopts a pragmatic and phased approach to sustainability reporting in line with Bursa Malaysia's Sustainability Reporting Framework for NSRF Group 2 issuers. (NSRF – National Sustainability Reporting Framework of Malaysia).

Where applicable, the Group aligns its disclosures with recognised sustainability reporting principles, focusing on transparency, consistency, and relevance. The reporting scope and content are reviewed periodically to ensure continued relevance and alignment with evolving regulatory expectations.

2. Material Sustainability Matters

2.1. Solar Energy

2.1.1. Governance & Oversight

The Board of Directors, supported by Management, oversees the Group's sustainability initiatives, including renewable energy adoption. Solar energy performance is monitored through monthly generation data and reviewed as part of operational and sustainability performance assessments. This oversight ensures that renewable energy initiatives align with the Group's environmental objectives and long-term cost management strategy.

2.1.2. Strategy

Solar energy forms a key component of the Group's strategy to:

- Reduce dependence on grid electricity,
- Mitigate exposure to energy price volatility, and
- Lower greenhouse gas emissions arising from electricity consumption.

The solar photovoltaic (PV) system installed at the Batu Pahat production facility continues to support operational energy needs and contributes to the Group's transition towards more sustainable energy sources.

2.1.3. Climate-Related Risks & Opportunities

In line with Bursa Malaysia's sustainability reporting requirements and IFRS S2 guidance, the Group has identified the following climate-related considerations:

Risks
- Rising electricity tariffs and energy supply volatility.
- Increased carbon-related regulatory expectations.

Opportunities
- On-site solar generation to offset grid electricity consumption.
- Long-term reduction in energy costs.
- Reduction of Scope 2 greenhouse gas emissions.

The continued optimisation of the solar PV system supports the Group's resilience against climate-related transition risks.

2.1.4. Performance Target

The Group aims to:

- Maintain consistent solar energy generation throughout the year, subject to weather conditions.
- Optimise system performance to maximise renewable energy contribution to total electricity consumption.
- Continuously monitor generation trends to support future energy planning.

2.1.5. Performance Data

Monthly Solar Energy Generation

Month	2023 (kWh)	2024 (kWh)	2025 (kWh)
January	N/A	40,656	46,579
February	N/A	53,714	51,360
March	N/A	57,796	49,270
April	N/A	53,245	52,296
May	56,699	51,792	54,445
June	50,899	48,371	48,062
July	46,368	54,154	52,917
August	48,898	50,688	58,265
September	52,912	53,882	52,494
October	56,633	55,025	60,435
November	48,691	46,930	52,788
December	43,231	49,760	50,037

Annual Solar Energy Generation Summary

Year	Total Generation (kWh)
2023	404,331
2024	616,013
2025	628,948

Year-on-Year Observation (2025 vs 2024):

- Total solar energy generation increased by approximately 2.1%.
- Higher generation was recorded in August and October 2025, reflecting favourable weather conditions and stable system performance.
- Overall generation remained consistent, demonstrating the reliability of the solar PV system as a renewable energy source.

2.1.6. Metrics & Contribution

The solar PV system contributed meaningfully towards:

- Reduction in grid electricity consumption,
- Lower Scope 2 greenhouse gas emissions, and
- Improved energy efficiency within production operations.

Solar energy performance data is recorded monthly and reviewed internally to ensure accuracy and consistency.

2.1.7. Statement of Assurance

Solar energy generation data is obtained directly from the solar monitoring system and verified by the Company's Administration Department through monthly reviews. Management conducts periodic checks to ensure data completeness and accuracy before inclusion in sustainability reporting. These internal controls provide reasonable assurance over the reliability of the disclosed information.

2.2. Natural Gas Consumption

2.2.1. Governance & Oversight

The Board of Directors, supported by Management, provides oversight of energy consumption within the Group's manufacturing operations. Natural gas usage, which is primarily utilised for baking and thermal processes, is monitored through monthly consumption records. Management reviews consumption trends as part of operational efficiency and environmental performance monitoring.

2.2.2. Strategy

Natural gas remains a critical energy source for the Group's manufacturing process. The Group's strategy focuses on:

- Optimising gas usage through operational control and maintenance,
- Improving production efficiency to minimise unnecessary energy loss, and
- Ensuring compliance with environmental and emission-related regulations.

In parallel with renewable energy initiatives such as solar energy, the Group continues to monitor natural gas consumption to balance production requirements with environmental considerations.

2.2.3. Climate-Related Risks & Opportunities

As a **NSRF Group 2 issuer**, the Group adopts a phased approach towards climate-related disclosures.

Identified Risks

- Exposure to fuel price volatility.
- Increased regulatory expectations related to emissions from combustion processes.
- Higher energy intensity during periods of increased production demand.

Opportunities

- Efficiency improvements in baking and heating processes.
- Better energy management practices to reduce overall gas intensity per unit of production.
- Integration of renewable energy to partially offset overall energy-related emissions.

2.2.4. Performance Target

The Group aims to:

- Monitor natural gas consumption on a monthly basis.
- Maintain efficient use of natural gas relative to production output.
- Identify opportunities for incremental efficiency improvement without compromising product quality or food safety.

2.2.5. Performance Data

Annual Natural Gas Consumption Summary

Year	Total Consumption (GJ)	Monthly Average (GJ)
2022	21,238	1,770
2023	19,966	1,663
2024	24,379	2,032
2025	27,928	2,327

Note: *Natural gas consumption fluctuates in line with production volume, product mix, and operational demand.*

Key Observations (2025):

- Total natural gas consumption increased compared to 2024, primarily due to higher production activity.
- Peak consumption was recorded in December, consistent with seasonal production demand.
- Overall monthly usage remained relatively stable, indicating controlled and monitored energy use.

Monthly Natural Gas Consumption – FY2025

Year	Consumption (GJ)
January	2,077
February	2,154
March	2,099
April	2,328
May	2,344
June	2,321
July	2,235
August	2,340
September	2,224
October	2,525
November	2,358
December	2,923

2.2.6. Emissions Consideration

Natural gas consumption represents a key contributor to the Group's Scope 1 greenhouse gas emissions. Emission levels are monitored through fuel consumption data and periodic stack emission assessments conducted in accordance with regulatory requirements.

The Group continues to ensure compliance with applicable environmental regulations while maintaining efficient production operations.

2.2.7. Statement of Assurance

Natural gas consumption data is derived from supplier billing records and internal monitoring systems. Monthly records are reviewed by the Company's Administration and Operations teams to ensure completeness and accuracy. Management performs periodic reviews prior to inclusion in sustainability reporting, providing reasonable assurance over the reliability of the disclosed information.

2.3. Energy & Emissions Overview

2.3.1. Governance & Oversight

The Board of Directors, supported by Management, oversees the Group's energy usage and emissions management as part of its sustainability governance framework. Energy performance, including electricity and fuel consumption, is monitored through operational records and reviewed periodically to support informed decision-making and regulatory compliance.

2.3.2. Energy Profile

The Group's manufacturing operations rely on a combination of:

- **Renewable energy** generated from on-site solar photovoltaic (PV) systems, and
- **Non-renewable energy,** primarily natural gas, used for baking and thermal processes.

This diversified energy profile supports operational reliability while enabling gradual progress towards lower-carbon energy usage.

2.3.3. Climate-Related Risks & Management Approach

As a **NSRF Group 2 issuer**, the Group adopts a phased and proportionate approach to climate-related disclosures.

Key Climate-Related Risks

- Exposure to energy price volatility, particularly for natural gas.
- Increased regulatory and stakeholder expectations relating to greenhouse gas emissions.
- Operational sensitivity to energy availability during peak production periods.

Management Response

- Investment in on-site solar energy to partially offset grid electricity consumption.
- Ongoing monitoring of natural gas usage to ensure alignment with production demand.
- Routine maintenance and operational controls to minimise unnecessary energy loss.

These measures support the Group's resilience against climate-related transition risks while maintaining production efficiency.

2.3.4. Energy Performance Highlights

- **Solar Energy**

  Solar energy generation in FY2025 recorded a low single-digit percentage increase compared to the previous year, reflecting stable system performance and favourable operating conditions.

- **Natural Gas Consumption**

  Natural gas usage increased in line with higher production demand. Based on internal records, total baking output increased by a high single-digit percentage, while gas consumption rose at a moderate double-digit percentage, consistent with increased operational activity.

- **Overall Energy Management**

  Despite higher energy demand, the Group maintained controlled and monitored energy usage, with no significant abnormal consumption patterns identified during the reporting period.

2.3.5. Emissions Overview

Energy consumption remains the primary contributor to the Group's greenhouse gas emissions profile:

- **Scope 1 emissions** arise mainly from the combustion of natural gas used in manufacturing processes.
- **Scope 2 emissions** are associated with purchased electricity, partially offset by on-site solar energy generation.

2.3.5.1. The Group monitors its greenhouse gas (GHG) emissions through systematic tracking of fuel and electricity consumption across its manufacturing operations.

For FY2025, the key energy consumption data is summarised below:

Energy Consumption and Emission Source Data	Unit	Total Quantity (2025)
Scope 1 - Natural Gas	GJ	27,928
Scope 2 - Grid Electricity	kWh	1,845,995
Scope 2 - Solar Electricity (renewable)	kWh	627,130

Scope 1 emissions arise primarily from the combustion of natural gas used in manufacturing processes.

Scope 2 emissions are associated with purchased grid electricity used in production activities. Renewable electricity generated from the on-site solar photovoltaic (PV) system contributes to partially offsetting grid electricity consumption and supports the reduction of overall Scope 2 emissions intensity.

2.3.6. Forward-Looking Considerations

While the Group does not currently undertake quantitative climate scenario analysis, Management remains aware of potential climate-related impacts on energy cost and availability. The Group will continue to enhance energy monitoring practices and evaluate opportunities to improve efficiency in line with business growth and regulatory developments.

2.3.7. Statement of Assurance

Energy consumption data disclosed in this section is derived from internal operational records and utility data. These records are reviewed by Management prior to reporting to ensure accuracy and consistency. This internal review process provides reasonable assurance over the reliability of the disclosed information.

2.4. Waste Management

The Group manages waste generated from its manufacturing operations in accordance with applicable environmental regulations and internal operational procedures.

For FY2025, the primary waste stream from manufacturing operations consisted of wastewater treatment plant (WWTP) sludge arising from production processes.

Waste Disposal Summary (FY2025):

Waste Type	Quantity
WWTP Sludge	5.862 tonnes

All WWTP sludge was disposed of through licensed waste contractors in compliance with regulatory requirements. No significant environmental non-compliance incidents relating to waste management were recorded during FY2025.

The Group continues to monitor waste generation levels and seeks opportunities to enhance operational efficiency and minimise environmental impact where practicable.

2.5. Operating System to Ensure Food Safety and Product Quality

2.5.1. Introduction

As a confectionery manufacturer, the Group recognises that food safety and product quality are fundamental to business sustainability and stakeholder trust. Beyond environmental considerations, the Group places strong emphasis on ensuring that its products are manufactured in a safe, hygienic, and controlled environment, in full compliance with applicable food safety, quality, and halal requirements.

The Group has established and implemented comprehensive operating systems to manage food safety and product quality risks throughout the manufacturing process. These systems are embedded into daily operations and are designed to ensure that all products delivered to the market are safe, of consistent quality, and compliant with regulatory and customer requirements.

2.5.2. Performance Target

The Group's performance targets in relation to food safety and product quality are to:

- Maintain certification under recognised food safety, quality, and halal management systems;
- Ensure full compliance with applicable regulatory and certification requirements;
- Achieve successful outcomes in both scheduled and unscheduled audits conducted by authorities and certification bodies;
- Continuously improve operational controls to support the production of safe, high-quality products.

These targets reflect the Group's commitment to upholding high standards in food safety, quality assurance, and ethical manufacturing practices.

2.5.3. Performance Data

The effectiveness of the Group's operating systems for food safety and product quality is demonstrated through the results of external audits conducted by relevant authorities and certification bodies, as well as internal audits carried out annually.

External Audits by Authorities (Past Three Years)

Authority	2023	2024	2025
ISO 22000:2018	Pass	Pass	Pass
ISO 9001:2015	Pass	Pass	Pass
HACCP MS 1480:2019	Pass	–	Pass
Halal MS 1500:2019	Pass	Pass	Pass

All external audits conducted during the reporting period were completed successfully, with the Group maintaining certification status and compliance with applicable standards.

Internal Audits

To further ensure the robustness and integrity of its food safety, quality, and halal systems, the Group conducts internal audits on an annual basis. These audits are cross-departmental to promote objectivity and are performed by trained internal auditors.

Internal audits covering ISO 22000, ISO 9001, HACCP, and Halal Assurance systems were conducted during FY2023, FY2024, and FY2025, with all audits achieving satisfactory results.

2.5.4. Statement of Assurance

The Group provides assurance that its operating systems for food safety and product quality are implemented and maintained in accordance with applicable standards and regulatory requirements. This assurance is supported by the successful completion of external audits conducted by relevant authorities and internal audits performed by trained personnel.

Management remains committed to continuous monitoring and improvement of these systems to ensure the consistent production of safe, high-quality, and halal-certified products.

2.6. Employee Well-being and Rights

2.6.1. Introduction

The Group recognises that its employees are key contributors to the sustainability and long-term success of the business. The Group is committed to fostering a safe, inclusive, and supportive working environment that respects employees' rights, promotes well-being, and provides equal opportunities for development.

Employee well-being and rights are managed through established policies and practices covering fair employment, non-discrimination, workplace safety, training and development, and grievance mechanisms. These practices are designed to ensure compliance with applicable labour laws and to support a positive and productive workplace culture.

2.6.2. Performance Target

The Group's performance targets in relation to employee well-being and rights include:

- Providing equal employment opportunities based on merit, without discrimination on the basis of gender, age, race, religion, or disability;
- Ensuring a safe and healthy working environment for all employees;
- Respecting employees' rights in accordance with applicable labour laws and regulations;
- Providing employees with access to training and development opportunities to enhance skills and employability;
- Maintaining effective grievance mechanisms to address workplace concerns in a timely and fair manner.

2.6.3. Diversity, Equal Opportunity and Non-Discrimination

The Group practises fair employment and is guided by the principle of meritocracy in recruitment, development, and promotion. Discrimination in any form is not tolerated.

The Group employs individuals across different age groups and promotes workforce diversity. Employees with disabilities are also included in the workforce and provided with appropriate support where necessary.

Age Diversity (Past Three Years)

Age diversity data is monitored annually to ensure balanced workforce representation across age groups. The breakdown of employees by age group for the past three years is disclosed below.

Age	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Below 30	60%	40%	61%	39%	54%	46%
Between 30 - 50	40%	60%	42%	58%	48%	52%
Above 50	41%	59%	43%	57%	34%	66%

The table above shows the age diversity of employees over the past 3 years.

Employees with Disabilities

The Group continues to employ persons with disabilities as part of its inclusive employment practices. The total headcount of employees with disabilities over the past three years remains stable, reflecting the Group's commitment to inclusive employment practices.

	2023	2024	2025
Total Disability Head Count	3	1	1

The table above shows the head count over the past 3 years

2.6.4. Training and Development

Employee training and development are key components of the Group's human capital management approach. Training programmes are designed to enhance both technical competencies and soft skills, and are delivered through a combination of internal and external training sessions.

The Group provides:

- Orientation programmes for new employees;
- On-the-job training to support operational competency;
- External training programmes where appropriate to support continuous learning.

Training hours are monitored annually to ensure employees receive adequate development opportunities.

Training Performance (Past Three Years)

Manhour Related Food Safety 2023

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	168	192	0.625
During Working Hours	In-house: External	20	116	0.38
During Working Hours	In-house: Internal	27	218.5	0.71
Total		215	526.5	1.71
Training Objective - Target - Average 1 hour training per employee per year				1.00

Manhour Related Food Safety 2024

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	126	142	0.463
During Working Hours	In-house: External	188	616	2.01
During Working Hours	In-house: Internal	47.5	397	1.29
Total		361.5	1155	3.76
Training Objective - Target - Average 1 hour training per employee per year				1.00

Manhour Related Food Safety 2025

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	45	45	0.147
During Working Hours	In-house: External	372	1440	4.69
During Working Hours	In-house: Internal	27	223	0.73
Total		444	1708	5.57
Training Objective - Target - Average 1 hour training per employee per year				1.00

Manhour Non - Related Food Safety 2023

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	120	156	0.51
During Working Hours	In-house: External	296	968	3.15
During Working Hours	In-house: Internal	20	237	0.77
Total		436	1361	4.43
Training Objective - Target - Average 1 hour training per employee per year				1.00

Manhour Non - Related Food Safety 2024

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	126	126	0.41
During Working Hours	In-house: External	240	832	2.71
During Working Hours	In-house: Internal	12	201	0.65
Total		378	1159	3.78
Training Objective - Target - Average 1 hour training per employee per year				1.00

Manhour Non - Related Food Safety 2025

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	137.5	195	0.64
During Working Hours	In-house: External	358	1146	3.73
During Working Hours	In-house: Internal	14.25	220.25	0.72
Total		509.75	1561.25	5.09
Training Objective - Target - Average 1 hour training per employee per year				1.00

Training man-hours are tracked and reviewed by Management to assess training effectiveness and participation levels across employee categories. The Group's training programmes are aligned with operational needs and regulatory requirements.

2.6.5. Grievance Mechanism and Labour Practices

The Group has established grievance procedures to address employee concerns relating to labour practices, workplace conduct, and human rights. Employees may raise concerns through designated reporting channels without fear of retaliation.

During the reporting period:

- No substantiated complaints relating to human rights violations were reported.
- Labour practices were managed in compliance with applicable labour laws and regulations.

2.6.6. Statement of Assurance

The Group provides assurance that its employee well-being and human rights practices are implemented in accordance with established policies and applicable regulatory requirements. Employee data and training records are maintained by the Company's Human Resources Department and reviewed periodically by Management to ensure accuracy and completeness.

SUSTAINABILITY STATEMENT (CONTINUED)

Hwa Tai Industries Berhad

BMLR Transition Period

Date & Time: 2026-04-0711:04:42

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
GHG Emissions	Scope 1 - Mobile Combustion (company own vehicles - lorries)	Diesel/litre	106,568	—	No assurance
GHG Emissions	Scope 1 - Stationary Combustion (production process - oven burner)	Natural Gas/GJ	27,928	—	No assurance
GHG Emissions	Scope 2 - Grid Electricity (grid energy)	kWh	1,845,995	—	No assurance
GHG Emissions	Scope 2 - Solar Electricity (renewable energy)	kWh	627,130	—	No assurance
GHG Emissions	Scope 3 - Waste Generated in Operation (disposal of sludge by licensed contractor)	WWTP Sludge/KG	5,862	—	No assurance

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STATEMENT OF MANAGEMENT **DISCUSSION & ANALYSIS**

INTRODUCTION

Hwa Tai Industries Berhad is one of Malaysia's leading biscuit manufacturers, renowned for its high-quality products and long-standing legacy in the food and beverage industry. Established in 1962, the company has consistently delivered a wide range of delicious and nutritious biscuits under its iconic brands, **Luxury**, **Hwa Tai**, and **Pesta**, to consumers in Malaysia and international markets.

With a focus on innovation and quality, Hwa Tai combines traditional craftsmanship with modern technology to produce biscuits that meet the highest standards of taste, texture, and safety. The company offers a diverse portfolio of biscuits, including cream crackers, assorted cookies, and health-oriented options, catering to various consumer preferences and dietary needs. Our operations extend beyond manufacturing to encompass trading, distribution, and serving as an original equipment manufacturer ("OEM") for third-party biscuit brands.

OUR VISION & COMMITMENT

Hwa Tai Industries Berhad prides itself on its commitment to sustainability, ethical business practices, and community engagement. The brand's dedication to excellence has earned it recognition as a trusted household name both locally and globally.

FINANCIAL AND OPERATIONS REVIEWS

The table below highlights the Group's key financial performance for the financial year ended 31 December 2025 (FYE2025) and 2024 (FYE2024):

	FYE2025 RM'000	FYE2024 RM'000
Revenue	106,663	99,866
Cost of sales	(72,985)	(70,340)
Gross profit	33,678	29,526
Expenses	(32,994)	(28,816)
Other income	705	275
Share of loss from associated company	–	–
Profit / (Loss) before taxation	1,389	985
Taxation	191	310
Profit / (Loss) for the financial year	1,580	1,295
Gross profit margin	32%	29%

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

FINANCIAL AND OPERATIONS REVIEWS (CONTINUED)

The breakdown of the Group's for FYE2025 and FYE2024 is as follows:

	FYE2025 RM'000	%	FYE2024 RM'000	%
Export sales	8,899	8	10,487	11
Local sales - Hwa Tai & OEM Products	97,764	92	89,379	89
Total	106,663	100	99,866	100

Revenue increased to RM106.7 million, representing a 6.8% growth from RM99.8 million in FYE2024, reflecting continued improvement in sales performance.

Despite the increase in cost of sales to RM73.0 million, the Group achieved an improvement in its gross profit margin from 29 % to 32%, resulting in gross profit rising to RM33.7 million.

Operating expenses increased to RM32.0 million in line with the expansion of business activities and higher operating requirements. Other income amounted to RM0.7 million, which included RM0.48 million arising from gain on modification in relation to the advance from a Director.

As a result, the company recorded a profit before taxation of RM1.39 million, compared to RM0.98 million in FYE2024. Net profit increased to RM1.58 million after taxation, primarily driven by the strong performance in the domestic market.

FINANCIAL POSITION

The table below provides an overview of the Group's financial position in FYE2025 and FYE2024:

	FYE2025 RM'000	FYE2024 RM'000
Total assets	103,851	104,896
Total liabilities	74,292	76,917
Shareholders' equity	29,527	27,960
Total borrowings (Secured lease liabilities were excluded)	29,582	29,502
Cash, bank balances and short-term deposits	8,118	7,945
Net assets per share (sen)	39.46	37.36
Profit / (Loss) per share (sen)	2.09	1.73

For FYE2025, the Group maintained a relatively stable financial position with total assets of RM103.8 million, slightly lower than RM104.9 million in FYE2024. Total liabilities decreased to RM74.3 million, resulting in an improvement in shareholders' equity to RM29.5 million. Total borrowings were maintained at RM29.5 million. Meanwhile, cash and bank balances increased slightly to RM8.1 million. Net assets per share improved to 39.46 sen, and profit per share increased to 2.09 sen, indicating enhanced shareholder value.

BUSINESS STRATEGICS AND RISK FACTORS

Hwa Tai remains steadfast in its commitment to innovation, customer expansion, and operational excellence. Guided by a focus on delivering high-quality biscuits and confectionery products, we continue to prioritize market responsiveness and sustainable growth.

Business Strategies:

1. **Innovation and Product Development:** Our Research and Development division is dedicated to continuous product innovation, focusing on healthier options and enhancing our existing product portfolio. We aim to align with changing customer preferences while maintaining our commitment to quality and taste.

2. **Market Expansion:** Expanding our presence locally and internationally is a key growth driver. This includes penetrating new markets, launching diverse products, and strengthening our distribution networks to increase market reach and consumer accessibility.

3. **E-commerce Initiatives:** Recognizing the rapid growth of digital commerce, Hwa Tai is actively investing in online platforms to enhance our digital presence. Be leveraging e-commerce, we aim to capitalize on consumer trends, improve accessibility, and deliver a seamless shopping experience.

4. **Operational Efficiency:** To sustain competitiveness, we are continuously upgrading factory facilities, investing in advanced machinery, and adopting automation to enhance production efficiency, reduce costs, and ensure consistent product quality.

5. **Brand Recognition and Marketing:** Strengthening brand recognition is integral to our strategy. Through targeted marketing campaigns, social media engagement, and promotional activities, we aim to foster customer and enhance our brand's visibility in both traditional and digital markets.

SWOT Analysis

Hwa Tai's strategic position is shaped by its internal strengths and weaknesses, along with external opportunities and threats.

Strengths: Hwa Tai has a diverse range of certified food products, strong market expansion strategies, effective e-commerce initiatives, operational efficiency, and a well-recognized brand presence.

Weaknesses: The company relies heavily on R&D for innovation, faces risks in entering new markets, encounters challenges with e-commerce implementation, and deals with operational complexities and intense competitive pressures.

Opportunities: Rising health and wellness trends, global market expansion, digital transformation, strategic partnerships, and innovative branding provide significant growth potential for Hwa Tai.

Threats: Market saturation, stringent regulatory compliance, economic uncertainty, technological disruptions, and supply chain vulnerabilities present risks to the company's operations and profitability.

BUSINESS STRATEGICS AND RISK FACTORS (CONTINUED)

Risk Factors:

1. **Market Competition:** A highly competitive landscape, driven by evolving consumer preferences and new market entrants, poses challenges to profitability and market share.

2. **Raw Material Price Volatility:** Fluctuating costs of key inputs, such as wheat and sugar, impact production costs and profit margins. Strategic procurement and cost control are vital to mitigate these risks.

3. **Supply Chain Disruptions:** Disruptions caused by natural disasters, geopolitical events, or logistical issues could impact production schedules and order fulfilment.

4. **Consumer Demand Shifts:** Changes in dietary trends or economic conditions may affect product demand. Adapting to these shifts is essential to sustain growth.

5. **Regulatory Compliance:** Adherence to food safety and quality standards is critical. Non-compliance could lead to penalties and damage consumer trust.

6. **Economic and Geopolitical Risks:** Uncertainties in global trade, exchange rates and regulations can affect our operations and market access.

7. **Labor Shortages:** Recruiting and retaining skilled labour remains a challenge that could impact productivity and operational efficiency.

8. **Technological Disruptions:** Advances in technology require continuous investment in upgrades and training to maintain competitiveness.

DIVIDEND

The Board of Directors has resolved not to recommend any dividend for FYE2025 to consider prioritize reinvestment in strategic growth initiatives.

OUTLOOK AND FUTURE PROSPECTS

Hwa Tai is optimistic about the future despite global economic uncertainties and geopolitical challenges. Key focus areas for sustained growth include:

Consumer-Centric Growth: Aligning product innovation with emerging consumer trends and dietary preferences.

Sustainability Initiatives: Integrating sustainable practices throughout the supply chain to meet regulatory and consumer expectations.

Digital Transformation: Leveraging e-commerce platforms, digital marketing, and data analytics to optimize customer engagement and operational efficiency.

Marketing Expansion: Exploring opportunities in emerging markets with rising demand for biscuits and confectionery.

Strategic Partnerships: Building alliances with the food industry to enhance market reach and operational capabilities.

Hwa Tai remains committed to continuous improvement, fostering innovation, and managing risks to ensure long term success and deliver value to stakeholders.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are biscuit manufacturing and investment holding. The principal activities of its subsidiaries include biscuit manufacturing, property holding and trading. There are also some subsidiaries which are dormant.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	1,580,025	974,930
Attributable to:		
Owners of the Company	1,566,673	974,930
Non-controlling interests	13,352	–
	1,580,025	974,930

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2025.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts needed to be written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM180,200 and RM125,600 respectively.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Soo Chung Yee J.P. *
Kamal Bin Abd Karim
Aisyah Kamaliah Binti Abu Bakar
Fong May Khuan

* Director of the Company and subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Yap Lee Yong
Teo Giap Cheng

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1 January 2025	**Bought**	**Sold**	**At 31 December 2025**
Director interests:				
Datuk Soo Chung Yee J.P.	32,532,267	365,500	–	32,897,767

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Soo Chung Yee J.P. is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company were as follows:

	Group and Company RM
Directors of the Company	
Executive director	
- Fees	30,000
- Other emoluments	1,586,929
	1,616,929
Non-executive directors	
- Fees	70,000
	1,686,929

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of companies	Principal place of business/ country of incorporation	Ownership interest 2025 %	Principal activities
Epro Industries Sdn. Bhd.	Malaysia	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	Malaysia	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	Malaysia	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	Malaysia	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	Malaysia	100	Dormant
Acetai Corporation Sdn. Bhd.	Malaysia	90	Trading
Hwa Tai Import Sdn. Bhd.	Malaysia	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	Malaysia	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	Malaysia	100	Trading
Hwa Tai Services Sdn. Bhd.	Malaysia	100	Dormant
Absolute Focus Sdn. Bhd.	Malaysia	100	Dormant
Absolute Palmers Food Sdn. Bhd.	Malaysia	100	Trading
Held through Acetai Corporation Sdn. Bhd.			
Anika Bebas Sdn. Bhd.	Malaysia	100	Dormant
Esprit Classic Sdn. Bhd.	Malaysia	100	Dormant

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

DATUK SOO CHUNG YEE J.P.
Director

KAMAL BIN ABD KARIM
Director

Date: 21 April 2026

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	39,388,424	41,411,140	25,834,379	27,410,132
Investment in subsidiaries	6	–	–	6,937,002	6,937,002
Investment in an associate	7	–	–	–	–
Total non-current assets		39,388,424	41,411,140	32,771,381	34,347,134
Current assets					
Inventories	8	14,373,580	12,600,059	12,137,933	9,904,793
Current tax assets		19,808	949,965	–	570,000
Trade and other receivables	9	41,504,368	41,702,537	33,210,084	33,567,622
Prepayments		446,537	287,203	267,280	239,190
Cash, bank balances and short-term deposits	10	8,117,963	7,944,815	4,713,545	4,927,211
Total current assets		64,462,256	63,484,579	50,328,842	49,208,816
TOTAL ASSETS		103,850,680	104,895,719	83,100,223	83,555,950

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 (CONTINUED)

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	29,933,308	29,933,308	29,933,308	29,933,308
Accumulated losses		(15,483,756)	(18,145,258)	(13,398,522)	(14,879,012)
Revaluation reserves	12	14,762,741	15,857,570	5,968,175	6,473,735
Translation reserves		314,637	314,637	–	–
Shareholders' equity		29,526,930	27,960,257	22,502,961	21,528,031
Non-controlling interests		31,455	18,103	–	–
TOTAL EQUITY		29,558,385	27,978,360	22,502,961	21,528,031
Non-current liabilities					
Loans and borrowings	13	1,354,724	1,484,464	923,779	1,330,890
Deferred tax liabilities	14	4,677,479	5,173,270	1,884,688	2,044,338
Other payable	15	7,519,464	8,000,000	7,519,464	8,000,000
Total non-current liabilities		13,551,667	14,657,734	10,327,931	11,375,228
Current liabilities					
Trade and other payables	15	27,095,873	29,068,304	19,813,529	19,917,286
Loans and borrowings	13	28,827,728	28,459,904	26,271,749	26,518,354
Current tax liabilities		12,500	–	10,000	–
Contract liabilities	16	447,047	–	447,047	–
Rebate liabilities	17	4,357,480	4,731,417	3,727,006	4,217,051
Total current liabilities		60,740,628	62,259,625	50,269,331	50,652,691
TOTAL LIABILITIES		74,292,295	76,917,359	60,597,262	62,027,919
TOTAL EQUITY AND LIABILITIES		103,850,680	104,895,719	83,100,223	83,555,950

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Revenue	18	106,663,023	99,865,507	85,848,852	81,988,888
Cost of sales	19	(72,984,558)	(70,339,957)	(59,732,367)	(58,180,321)
Gross profit		33,678,465	29,525,550	26,116,485	23,808,567
Other income		704,729	275,086	658,269	282,484
Selling and distribution expenses		(21,604,392)	(17,733,700)	(16,936,852)	(14,440,430)
Administrative expenses		(9,479,622)	(9,141,883)	(7,009,407)	(7,084,119)
Net impairment losses on financial instruments		(34,420)	(70,687)	(263,062)	(57,505)
Operating profit		3,264,760	2,854,366	2,565,433	2,508,997
Finance costs	20	(1,875,848)	(1,869,882)	(1,708,874)	(1,767,869)
Profit before tax	21	1,388,912	984,484	856,559	741,128
Income tax credit	22	191,113	309,554	118,371	300,845
Profit for the financial year, representing total comprehensive income for the financial year		1,580,025	1,294,038	974,930	1,041,973
Profit/(loss) attributable to:					
Owners of the Company		1,566,673	1,295,590	974,930	1,041,973
Non-controlling interests		13,352	(1,552)	–	–
		1,580,025	1,294,038	974,930	1,041,973
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,566,673	1,295,590	974,930	1,041,973
Non-controlling interests		13,352	(1,552)	–	–
		1,580,025	1,294,038	974,930	1,041,973
Earnings per ordinary share (sen):	23				
- basic		2.09	1.73		
- diluted		2.09	1.73		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company						
	Share capital RM	**Accumulated losses RM**	**Revaluation reserves RM**	**Translation reserves RM**	**Shareholders' equity RM**	**Non-controlling interests RM**	**Total equity RM**
Group							
At 1 January 2024	29,933,308	(21,522,958)	17,939,680	314,637	26,664,667	19,655	26,684,322
Total comprehensive income/ (loss) for the financial year	–	1,295,590	–	–	1,295,590	(1,552)	1,294,038
Crystalisation of revaluation reserve	–	2,082,110	(2,082,110)	–	–	–	–
At 31 December 2024	29,933,308	(18,145,258)	15,857,570	314,637	27,960,257	18,103	27,978,360
Total comprehensive income for the financial year	–	1,566,673	–	–	1,566,673	13,352	1,580,025
Crystalisation of revaluation reserve	–	1,094,829	(1,094,829)	–	–	–	–
At 31 December 2025	29,933,308	(15,483,756)	14,762,741	314,637	29,526,930	31,455	29,558,385

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Attributable to owners of the Company			
	Share capital RM	**Accumulated losses RM**	**Revaluation reserves RM**	**Total equity RM**
Company				
At 1 January 2024	29,933,308	(16,873,662)	7,426,412	20,486,058
Total comprehensive income for the financial year	–	1,041,973	–	1,041,973
Crystalisation of revaluation reserve	–	952,677	(952,677)	–
At 31 December 2024	29,933,308	(14,879,012)	6,473,735	21,528,031
Total comprehensive income for the financial year	–	974,930	–	974,930
Crystalisation of revaluation reserve	–	505,560	(505,560)	–
At 31 December 2025	29,933,308	(13,398,522)	5,968,175	22,502,961

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
Cash flows from operating activities					
Profit before tax		1,388,912	984,484	856,559	741,128
Adjustments for:					
Depreciation of property, plant and equipment		3,510,426	3,441,834	2,503,173	2,489,705
Impairment loss on trade and other receivables		34,420	74,744	34,420	57,505
Impairment loss on amount owing by a subsidiary		–	–	228,642	–
Interest expenses		1,875,848	1,869,882	1,708,874	1,767,869
Interest income		(112,776)	(127,626)	(85,285)	(124,911)
Inventories written down		9,978	5,266	9,978	5,266
Loss/(gain) on disposal of property, plant and equipment		6,527	(57,291)	6,527	(57,291)
Net gain on unrealised foreign exchange		(10,933)	(34,709)	(10,933)	(34,709)
Property, plant and equipment written off		122	–	122	–
Reversal of impairment loss on:					
- trade receivables		–	(4,057)	–	–
Reversal of inventories written down		(2,408)	(8,928)	(2,408)	(6,588)
Gain on modification of amount owing to a director		(480,536)	–	(480,536)	–
Operating profit before changes in working capital		6,219,580	6,143,599	4,769,133	4,837,974
<u>Changes in working capital:</u>					
Inventories		(1,781,091)	(1,168,230)	(2,240,710)	(655,464)
Trade and other receivables		174,681	(8,963,777)	(358,073)	(6,003,372)
Prepayments		(159,334)	52,849	(28,090)	52,320
Contract liabilities		447,047	–	447,047	–
Rebate liabilities		(373,937)	507,074	(490,045)	53,149
Trade and other payables		(1,972,430)	6,913,007	359,725	2,606,840
Cash generated from operations		2,554,516	3,484,522	2,458,987	891,447
Interest paid		(48,948)	(19,701)	(48,948)	(19,701)
Income tax refunded/(paid)		637,979	(164,220)	538,721	–
Net cash from operating activities		3,143,547	3,300,601	2,948,760	871,746

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
Cash flows from investing activities					
Interest received		112,776	127,626	85,285	124,911
Proceeds from disposal of property, plant and equipment		7,980	58,571	7,980	58,571
Purchase of property, plant and equipment	(a)	(154,090)	(344,182)	(58,219)	(277,519)
Net cash (used in)/from investing activities		(33,334)	(157,985)	35,046	(94,037)
Cash flows from financing activities					
Net drawdown/(payment) of short-term borrowings	(b)	130,594	591,120	(454,806)	811,000
Payment of lease liabilities	(b)	(349,260)	(312,719)	(349,260)	(312,719)
Payment of hire purchase	(b)	(893,752)	(935,935)	(767,699)	(855,046)
Interest paid		(1,826,900)	(1,850,181)	(1,659,926)	(1,748,168)
Net cash used in financing activities		(2,939,318)	(2,507,715)	(3,231,691)	(2,104,933)
Net increase/(decrease) in cash and cash equivalents		170,895	634,901	(247,885)	(1,327,224)
Cash and cash equivalents at the beginning of the financial year		4,219,047	3,584,146	1,799,428	3,126,652
Cash and cash equivalents at the end of the financial year	10	4,389,942	4,219,047	1,551,543	1,799,428

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment.

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
Purchase of property, plant and equipment	5	1,502,339	1,125,646	942,049	962,491
Financed by way of lease arrangement		(1,348,249)	(781,464)	(883,830)	(684,972)
Cash payments on purchase of property, plant and equipment		154,090	344,182	58,219	277,519

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	Note	At 1 January 2025 RM	Cash flows RM	Non-cash acquisition RM	Non-cash modification RM	At 31 December 2025 RM
2025						
Group						
Advance from a director	15	8,000,000	–	–	(480,536)	7,519,464
Bankers' acceptance	13	23,785,767	130,594	–	–	23,916,361
Lease liabilities	13	442,314	(349,260)	507,734	–	600,788
Hire purchase payables	13	1,990,519	(893,752)	840,515	–	1,937,282
		34,218,600	(1,112,418)	1,348,249	(480,536)	33,973,895
Company						
Advance from a director	15	8,000,000	–	–	(480,536)	7,519,464
Bankers' acceptance	13	22,511,000	(454,806)	–	–	22,056,194
Lease liabilities	13	442,314	(349,260)	507,734	–	600,788
Hire purchase payables	13	1,768,147	(767,699)	376,096	–	1,376,544
		32,721,461	(1,571,765)	883,830	(480,536)	31,552,990

	Note	At 1 January 2024 RM	Cash flows RM	Non-cash acquisition RM	At 31 December 2024 RM
2024					
Group					
Advance from a director	15	8,000,000	–	–	8,000,000
Bankers' acceptance	13	23,194,647	591,120	–	23,785,767
Lease liabilities	13	259,067	(312,719)	495,966	442,314
Hire purchase payables	13	2,640,956	(935,935)	285,498	1,990,519
		34,094,670	(657,534)	781,464	34,218,600
Company					
Advance from a director	15	8,000,000	–	–	8,000,000
Bankers' acceptance	13	21,700,000	811,000	–	22,511,000
Lease liabilities	13	259,067	(312,719)	495,966	442,314
Hire purchase payables	13	2,434,187	(855,046)	189,006	1,768,147
		32,393,254	(356,765)	684,972	32,721,461

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

(c) Total cash outflows for leases as a lessee:

		Group		Company	
	Note	**2025 RM**	**2024 RM**	**2025 RM**	**2024 RM**
Included in net cash from operating activities:					
Payment relating to short-term leases	21	72,290	77,030	51,990	59,030
Payment relating to leases of low-value assets	21	14,100	22,540	5,100	5,280
Interest paid in relation to lease liabilities (unsecured)	20	48,948	19,701	48,948	19,701
Included in net cash from financing activities:					
Payment of lease liabilities		349,260	312,719	349,260	312,719
Payment of hire purchase		893,752	935,935	767,699	855,046
Interest paid in relation to hire purchase payables	20	127,465	136,288	99,818	123,458
Total cash outflows for leases		1,505,815	1,504,213	1,322,815	1,375,234

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hwa Tai Industries Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are biscuit manufacturer and investment holding. The principal activities of its subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRS

The Group and the Company have adopted the following applicable amendments to MFRS for the current financial year:

Amendments to MFRS

MFRS 121	The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128	Investments in Associates and Joint Ventures	Deferred

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communicates about the entity's financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below (continued).

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.

- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to:

- investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”) which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(c) Associate

Investment in an associate is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers.

Financial assets – subsequent measurement and gains and losses

<u>Debt instruments at amortised cost</u>

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company subsequently measure these liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Property, plant and equipment

Property, plant and equipment other than leasehold lands and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold lands and buildings are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation on leasehold lands and buildings and any accumulated impairment losses recognised after the date of revaluation. The Group and the Company revalue its leasehold lands and buildings every three or five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materiality from their carrying value. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (%)
Leasehold buildings	1% - 10%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings and motor vehicles	10% - 20%

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets other than leasehold lands that measures using revaluation model are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right of- use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

Rental income from sublease properties which is recognised as other income.

When the Group and the Company are the intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(a), then it classifies the sub-lease as an operating lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a standard costing basis.

3.7 Revenue and other income

(a) Sale of goods – manufacturing

The Group and the Company manufacture and sell a range of biscuit and cake products to local and foreign customers. Revenue from sale of manufactured goods is recognised at a point in time when control of the goods has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 7 days to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Revenue is recognised based on the price specified in the contract, net of the volume rebate and returns where applicable.

The Group's and the Company's customary business practice is to allow a customer to return any defected and expired products and receive a full refund.

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised using the effective interest rate method.

3.8 Deferred tax

When leasehold lands and buildings are carried at fair value in accordance with the material accounting policy information as disclosed in Note 3.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Inventories

The costs of inventories comprise the cost of raw materials, direct labour, conversion costs such as variable and fixed overheads. The cost allocation to the work-in-progress and finished goods involves multiple inputs which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads are based on normal operating capacity.

Reviews are made periodically on inventories for cost allocation. These reviews require the use of judgement and estimate. Possible changes in these estimates may result in revision to the valuation of inventories.

The carrying amount of the Group's and the Company's inventories are disclosed in Note 8.

(b) Trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's trade receivables are disclosed in Note 27(b)(i).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows (continued):

(c) Property, plant and equipment

The Group and the Company assess impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of a property, plant and equipment may not be recoverable.

Where such indication exists, the Group and the Company have estimated the recoverable amount using fair value less cost of disposal determined by external independent valuer. Any resulting impairment loss could have a material adverse impact on the Group's and the Company's financial position and results of operations.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

(d) Investment in subsidiaries

The Company assesses impairment of the investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment in subsidiaries may not be recoverable i.e. the carrying amount of the investment in subsidiaries is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for the investment in subsidiaries and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the subsidiaries discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amount of the investment in subsidiaries are disclosed in Note 6.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2025	Buildings RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/valuation								
At 1 January 2025	18,960,843	44,801,497	4,021,895	823,787	1,375,385	6,770,473	12,923,984	89,677,864
Additions	46,600	932,086	65,125	–	–	–	458,528	1,502,339
Derecognition	–	–	–	–	–	–	(601,827)	(601,827)
Disposals	–	(49,570)	(11,780)	–	–	–	–	(61,350)
Written off	–	(94,067)	(408,818)	(14,432)	–	–	–	(517,317)
At 31 December 2025	19,007,443	45,589,946	3,666,422	809,355	1,375,385	6,770,473	12,780,685	89,999,709
Accumulated depreciation and impairment loss								
At 1 January 2025								
Accumulated depreciation	2,697,124	37,991,078	3,739,967	775,019	1,019,937	–	1,964,072	48,187,197
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
	2,776,651	37,991,078	3,739,967	775,019	1,019,937	–	1,964,072	48,266,724
Depreciation charge for the financial year	1,198,577	1,151,696	72,457	13,667	81,332	–	992,697	3,510,426
Derecognition	–	–	–	–	–	–	(601,827)	(601,827)
Disposals	–	(35,063)	(11,780)	–	–	–	–	(46,843)
Written off	–	(94,066)	(408,697)	(14,432)	–	–	–	(517,195)
Accumulated depreciation	3,895,701	39,013,645	3,391,947	774,254	1,101,269	–	2,354,942	50,531,758
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
At 31 December 2025	3,975,228	39,013,645	3,391,947	774,254	1,101,269	–	2,354,942	50,611,285
Carrying amount								
At cost	–	6,576,301	274,475	35,101	274,116	6,770,473	574,791	14,505,257
At valuation	15,032,215	–	–	–	–	–	9,850,952	24,883,167
	15,032,215	6,576,301	274,475	35,101	274,116	6,770,473	10,425,743	39,388,424

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2024	Buildings RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/valuation								
At 1 January 2024	18,958,190	44,297,806	3,991,825	821,507	1,630,785	6,775,646	12,897,583	89,373,342
Additions	–	584,955	39,345	2,280	3,100	–	495,966	1,125,646
Derecognition	–	–	–	–	–	–	(469,565)	(469,565)
Disposals	(2,520)	(81,264)	(9,275)	–	(258,500)	–	–	(351,559)
Reclassification	5,173	–	–	–	–	(5,173)	–	–
At 31 December 2024	18,960,843	44,801,497	4,021,895	823,787	1,375,385	6,770,473	12,923,984	89,677,864
Accumulated depreciation and impairment loss								
At 1 January 2024								
Accumulated depreciation	1,507,704	36,967,132	3,631,314	753,521	1,197,208	–	1,508,328	45,565,207
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
	1,587,231	36,967,132	3,631,314	753,521	1,197,208	–	1,508,328	45,644,734
Depreciation charge for the financial year	1,191,604	1,104,689	117,505	21,498	81,229	–	925,309	3,441,834
Derecognition	–	–	–	–	–	–	(469,565)	(469,565)
Disposals	(2,184)	(80,743)	(8,852)	–	(258,500)	–	–	(350,279)
Accumulated depreciation	2,697,124	37,991,078	3,739,967	775,019	1,019,937	–	1,964,072	48,187,197
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
At 31 December 2024	2,776,651	37,991,078	3,739,967	775,019	1,019,937	–	1,964,072	48,266,724
Carrying amount								
At cost	–	6,810,419	281,928	48,768	355,448	6,770,473	436,862	14,703,898
At valuation	16,184,192	–	–	–	–	–	10,523,050	26,707,242
	16,184,192	6,810,419	281,928	48,768	355,448	6,770,473	10,959,912	41,411,140

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2025	Buildings RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/valuation								
At 1 January 2025	13,253,157	40,699,422	3,525,527	721,815	1,007,107	6,770,473	4,084,984	70,062,485
Additions	46,600	390,447	46,474	–	–	–	458,528	942,049
Derecognition	–	–	–	–	–	–	(601,827)	(601,827)
Disposals	–	(49,570)	(11,780)	–	–	–	–	(61,350)
Written off	–	(92,902)	(340,696)	–	–	–	–	(433,598)
At 31 December 2025	13,299,757	40,947,397	3,219,525	721,815	1,007,107	6,770,473	3,941,685	69,907,759
Accumulated depreciation and impairment loss								
At 1 January 2025								
Accumulated depreciation	2,019,686	34,825,377	3,272,883	681,787	703,502	–	1,069,591	42,572,826
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
	2,099,213	34,825,377	3,272,883	681,787	703,502	–	1,069,591	42,652,353
Depreciation charge for the financial year	848,795	977,973	64,138	11,833	74,422	–	526,012	2,503,173
Derecognition	–	–	–	–	–	–	(601,827)	(601,827)
Disposals	–	(35,063)	(11,780)	–	–	–	–	(46,843)
Written off	–	(92,901)	(340,575)	–	–	–	–	(433,476)
Accumulated depreciation	2,868,481	35,675,386	2,984,666	693,620	777,924	–	993,776	43,993,853
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
At 31 December 2025	2,948,008	35,675,386	2,984,666	693,620	777,924	–	993,776	44,073,380
Carrying amount								
At cost	–	5,272,011	234,859	28,195	229,183	6,770,473	574,791	13,109,512
At valuation	10,351,749	–	–	–	–	–	2,373,118	12,724,867
At 31 December 2025	10,351,749	5,272,011	234,859	28,195	229,183	6,770,473	2,947,909	25,834,379

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2024	Buildings RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/valuation								
At 1 January 2024	13,250,504	40,349,716	3,501,527	719,535	1,265,607	6,775,646	4,058,583	69,921,118
Additions	–	430,970	33,275	2,280	–	–	495,966	962,491
Derecognition	–	–	–	–	–	–	(469,565)	(469,565)
Disposals	(2,520)	(81,264)	(9,275)	–	(258,500)	–	–	(351,559)
Reclassification	5,173	–	–	–	–	(5,173)	–	–
At 31 December 2024	13,253,157	40,699,422	3,525,527	721,815	1,007,107	6,770,473	4,084,984	70,062,485
Accumulated depreciation and impairment loss								
At 1 January 2024								
Accumulated depreciation	1,175,056	33,944,279	3,172,174	662,123	887,580	–	1,061,753	40,902,965
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
	1,254,583	33,944,279	3,172,174	662,123	887,580	–	1,061,753	40,982,492
Depreciation charge for the financial year	846,814	961,841	109,561	19,664	74,422	–	477,403	2,489,705
Derecognition	–	–	–	–	–	–	(469,565)	(469,565)
Disposals	(2,184)	(80,743)	(8,852)	–	(258,500)	–	–	(350,279)
Accumulated depreciation	2,019,686	34,825,377	3,272,883	681,787	703,502	–	1,069,591	42,572,826
Accumulated impairment loss	79,527	–	–	–	–	–	–	79,527
At 31 December 2024	2,099,213	34,825,377	3,272,883	681,787	703,502	–	1,069,591	42,652,353
Carrying amount								
At cost	–	5,874,045	252,644	40,028	303,605	6,770,473	436,862	13,677,657
At valuation	11,153,944	–	–	–	–	–	2,578,531	13,732,475
At 31 December 2024	11,153,944	5,874,045	252,644	40,028	303,605	6,770,473	3,015,393	27,410,132

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group's right-of-use assets consist of:

Group	Leasehold lands RM	Buildings RM	Warehouse RM	Total RM
Cost/valuation				
At 1 January 2024	11,842,000	586,018	469,565	12,897,583
Additions	–	10,592	485,374	495,966
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	11,842,000	596,610	485,374	12,923,984
Additions	–	420,325	38,203	458,528
Derecognition	–	(586,018)	(15,809)	(601,827)
At 31 December 2025	11,842,000	430,917	507,768	12,780,685
Accumulated depreciation				
At 1 January 2024	683,143	459,968	365,217	1,508,328
Depreciation charge for the financial year	635,807	125,603	163,899	925,309
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	1,318,950	585,571	59,551	1,964,072
Depreciation charge for the financial year	672,098	146,393	174,206	992,697
Derecognition	–	(586,018)	(15,809)	(601,827)
At 31 December 2025	1,991,048	145,946	217,948	2,354,942
Carrying amount				
At cost	–	11,039	425,823	436,862
At valuation	10,523,050	–	–	10,523,050
At 31 December 2024	10,523,050	11,039	425,823	10,959,912
Carrying amount				
At cost	–	284,971	289,820	574,791
At valuation	9,850,952	–	–	9,850,952
At 31 December 2025	9,850,952	284,971	289,820	10,425,743

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company's right-of-use assets consist of:

Company	Leasehold lands RM	Buildings RM	Warehouse RM	Total RM
Cost/valuation				
At 1 January 2024	3,003,000	586,018	469,565	4,058,583
Additions	–	10,592	485,374	495,966
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	3,003,000	596,610	485,374	4,084,984
Additions	–	420,325	38,203	458,528
Derecognition	–	(586,018)	(15,809)	(601,827)
At 31 December 2025	3,003,000	430,917	507,768	3,941,685
Accumulated depreciation				
At 1 January 2024	236,568	459,968	365,217	1,061,753
Depreciation charge for the financial year	187,901	125,603	163,899	477,403
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	424,469	585,571	59,551	1,069,591
Depreciation charge for the financial year	205,413	146,393	174,206	526,012
Derecognition	–	(586,018)	(15,809)	(601,827)
At 31 December 2025	629,882	145,946	217,948	993,776
Carrying amount				
At cost	–	11,039	425,823	436,862
At valuation	2,578,531	–	–	2,578,531
At 31 December 2024	2,578,531	11,039	425,823	3,015,393
Carrying amount				
At cost	–	284,971	289,820	574,791
At valuation	2,373,118	–	–	2,373,118
At 31 December 2025	2,373,118	284,971	289,820	2,947,909

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) The Group and the Company lease lands, buildings and warehouse for their office space, operation site and staff accommodation. The leases for lands, office space, operation site and staff accommodation have remaining lease term between 1 to 72 years (2024: 1 to 73 years).

(d) The Group and the Company also lease plant and machinery and office equipment with remaining lease term between 1 to 5 years and pledged as security for the related lease liabilities as disclosed in Note 13(b).

(e) Revaluation of leasehold lands and buildings

Level 3 fair values of leasehold lands and buildings were revalued on 31 January 2023 and 24 February 2023 using the sales comparison approach based on the valuation performed by the independent firms of professional valuers. Sales prices of comparable leasehold lands and buildings in close proximity are adjusted for differences in key attributes such as property size.

Had the revalued leasehold buildings and right-of-use assets been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold buildings and right-of-use assets that would have been included in the financial statements of the Group are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Leasehold buildings	3,878,088	4,550,662	3,558,401	4,208,221
Right-of-use assets:				
- Leasehold lands	823,227	872,111	545,521	577,768

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
Unquoted shares - at cost	12,764,671	12,764,671
Less: Accumulated impairment losses	(5,827,669)	(5,827,669)
	6,937,002	6,937,002

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ country of incorporation	Ownership interest 2025 %	Ownership interest 2024 %	Principal activities
Epro Industries Sdn. Bhd.	Malaysia	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	Malaysia	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	Malaysia	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	Malaysia	100	100	Dormant
Acetai Corporation Sdn. Bhd.	Malaysia	90	90	Trading
Hwa Tai Import Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Services Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Focus Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Palmers Food Sdn. Bhd.	Malaysia	100	100	Trading
Held through Acetai Corporation Sdn. Bhd.				
Anika Bebas Sdn. Bhd.	Malaysia	100	100	Dormant
Esprit Classic Sdn. Bhd.	Malaysia	100	100	Dormant

The financial information of the Company’s subsidiary with non-controlling interest is not disclosed as the non-controlling interest is not material.

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Unquoted shares - at cost	1,791,457	1,791,457	1,791,457	1,791,457
Share of post-acquisition losses	(1,791,457)	(1,791,457)	–	–
	–	–	1,791,457	1,791,457
Less: Accumulated impairment losses	–	–	(1,791,457)	(1,791,457)
	–	–	–	–

Details of the associate which has principal place of business and is incorporated in the People's Republic of China are as follows:

Name of company	Issued share capital Chinese Renminbi (RMB)	Ownership interest 2025 %	Ownership interest 2024 %	Nature of the relationship
Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd. *	10,500,000	48	48	Dealers, importers and exporters of biscuit, cake and baby products. The activities contribute to the Group's manufacturing segment.

* *Audited by auditor other than Messrs Baker Tilly Monteiro Heng PLT.*

The Group has not recognised its share of losses of Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd. amounting to RM63,746 (2024: RM49,113) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM1,239,759 (2024: RM1,176,013).

8. INVENTORIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Raw materials	3,590,462	3,557,998	2,861,057	2,941,219
Packing materials	3,510,795	3,948,418	2,716,504	3,231,860
Work-in-progress	500,596	579,330	359,379	394,133
Finished goods	6,557,157	4,305,436	6,056,128	3,190,807
Consumables and spare parts	214,570	208,877	144,865	146,774
	14,373,580	12,600,059	12,137,933	9,904,793

8. INVENTORIES (CONTINUED)

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM54,370,196 (2024: RM53,578,216) and RM44,895,625 (2024: RM45,141,908) respectively. In addition, the expense and income recognised in profit or loss included the following:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Inventories written down	9,978	5,266	9,978	5,266
Reversal of inventories written down	(2,408)	(8,928)	(2,408)	(6,588)

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Current:					
Trade	(a)				
Trade receivables		44,046,508	44,082,331	35,158,610	34,676,142
Amount owing by subsidiaries		–	–	15,948,904	15,782,761
		44,046,508	44,082,331	51,107,514	50,458,903
Less: Impairment losses	(b)				
- Trade receivables		(3,440,692)	(3,406,272)	(3,253,164)	(3,218,744)
- Amount owing by subsidiaries		–	–	(15,772,924)	(15,772,924)
		(3,440,692)	(3,406,272)	(19,026,088)	(18,991,668)
		40,605,816	40,676,059	32,081,426	31,467,235
Non-trade					
Other receivables		92,066	89,225	34,271	31,436
Amount owing by subsidiaries	(c)	–	–	625,063	1,222,642
Deposits	(d)	864,275	995,042	839,985	988,328
		956,341	1,084,267	1,499,319	2,242,406
Less: Impairment losses	(b)				
- Other receivables		(57,789)	(57,789)	–	–
- Amount owing by subsidiaries		–	–	(370,661)	(142,019)
		(57,789)	(57,789)	(370,661)	(142,019)
		898,552	1,026,478	1,128,658	2,100,387
Total trade and other receivables		41,504,368	41,702,537	33,210,084	33,567,622

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranging from 7 to 90 days (2024: 7 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

(b) The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade and other receivables are as follows:

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Trade receivables				
At 1 January	3,406,272	3,335,585	18,991,668	18,934,163
Charge for the financial year	34,420	74,744	34,420	57,505
Reversal of impairment losses	–	(4,057)	–	–
At 31 December	3,440,692	3,406,272	19,026,088	18,991,668
Other receivables				
At 1 January	57,789	57,789	142,019	142,019
Charge for the financial year	–	–	228,642	–
At 31 December	57,789	57,789	370,661	142,019

Included in trade receivables of the Group are amounts totalling of RM18,401,640 (2024: RM20,190,855) due from 2 (2024: 2) of its receivables.

(c) Amount owing by subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(d) Included in deposits of the Group and of the Company are amount totalling of RM 610,660 (2024: RM818,416) placed for purchase of machineries as disclosed in Note 25.

(e) The foreign currency exposure profile of trade and other receivables are as follows:

	Group and Company	
	2025 RM	**2024 RM**
USD	1,152,177	882,150
SGD	22	–
CNY	–	207,756
	1,152,199	1,089,906

The information about the credit exposures are disclosed in Note 27(b)(i).

10. CASH, BANK BALANCES AND SHORT-TERM DEPOSITS

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Cash and bank balances	5,343,431	3,307,008	2,639,013	889,404
Short-term deposits	2,774,532	4,637,807	2,074,532	4,037,807
	8,117,963	7,944,815	4,713,545	4,927,211

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Cash and bank balances	5,343,431	3,307,008	2,639,013	889,404
Short-term deposits	2,774,532	4,637,807	2,074,532	4,037,807
	8,117,963	7,944,815	4,713,545	4,927,211
Less: Bank overdrafts (Note 13)	(3,728,021)	(3,725,768)	(3,162,002)	(3,127,783)
	4,389,942	4,219,047	1,551,543	1,799,428

(b) The foreign currency exposure profile of cash and bank balances are as follows:

	Group and Company	
	2025 RM	**2024 RM**
USD	52,464	1,099
Others	13,560	9,708

The deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 1.75% to 3.65% (2024: 2.00% to 3.75%) per annum. The deposits of the Group and of the Company have maturity period ranging from 28 to 32 days (2024: 29 to 32 days).

11. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2025 Unit	**2024 Unit**	**2025 RM**	**2024 RM**
Issued and fully paid up (no par value):				
At 1 January/31 December	74,833,270	74,833,270	29,933,308	29,933,308

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

12. REVALUATION RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	15,857,570	17,939,680	6,473,735	7,426,412
Crystalisation	(1,094,829)	(2,082,110)	(505,560)	(952,677)
At 31 December	14,762,741	15,857,570	5,968,175	6,473,735

The revaluation reserves represent the surplus arising from revaluation of leasehold lands and buildings in prior year. The amount presented is net of deferred tax liabilities.

13. LOANS AND BORROWINGS

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Non-current:					
Lease liabilities		273,327	277,415	273,327	277,415
Hire purchase payables		1,081,397	1,207,049	650,452	1,053,475
		1,354,724	1,484,464	923,779	1,330,890
Current:					
Lease liabilities		327,461	164,899	327,461	164,899
Hire purchase payables		855,885	783,470	726,092	714,672
Bankers' acceptances		23,916,361	23,785,767	22,056,194	22,511,000
Bank overdrafts		3,728,021	3,725,768	3,162,002	3,127,783
		28,827,728	28,459,904	26,271,749	26,518,354
Total loans and borrowings:					
Lease liabilities	(a)	600,788	442,314	600,788	442,314
Hire purchase payables	(b)	1,937,282	1,990,519	1,376,544	1,768,147
Bankers' acceptances	(c)	23,916,361	23,785,767	22,056,194	22,511,000
Bank overdrafts	(d)	3,728,021	3,725,768	3,162,002	3,127,783
		30,182,452	29,944,368	27,195,528	27,849,244

13. LOANS AND BORROWINGS (CONTINUED)

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group and Company	
	2025	2024
	RM	RM
Minimum lease payments:		
Not later than one year	356,440	190,960
Later than one year and not later than five years	280,300	293,840
	636,740	484,800
Less: Future finance charges	(35,952)	(42,486)
Present value of minimum lease payments	600,788	442,314
Present value of minimum lease payments:		
Not later than one year	327,461	164,899
Later than one year but not later than five years	273,327	277,415
	600,788	442,314
Less: Amount due within 12 months	(327,461)	(164,899)
Amount due after 12 months	273,327	277,415

(b) Hire purchase payables

Hire purchase payables of the Group of RM1,937,282 (2024: RM1,990,519) bear interest ranging from 3% to 3.75% (2024: 3% to 3.75%) per annum and are secured by the Group's plant and machinery and office equipment under hire purchase arrangements as disclosed in Note 5(c).

(c) Bankers' acceptances

Bankers' acceptances of the Group bear interest at rates ranging from 3.65% to 7.96% (2024: 4.91% to 8.02%) per annum.

Bankers' acceptance of a subsidiary of RM1,860,167 (2024: RM1,274,767) is secured and supported by corporate guarantee of the Company.

(d) Bank overdrafts

Bank overdrafts of the Group bear interest at rates ranging from 7.81% to 9.02% (2024: 8.06% to 9.20%) per annum.

Bank overdraft of a subsidiary of RM566,019 (2024: RM597,985) is secured and supported by corporate guarantee of the Company.

14. DEFERRED TAX LIABILITIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	5,173,270	5,665,161	2,044,338	2,345,183
Recognised in profit or loss (Note 22)	(495,791)	(491,891)	(159,650)	(300,845)
At 31 December	4,677,479	5,173,270	1,884,688	2,044,338

The components and movements of deferred tax liabilities during the financial year are as follows:

	At 1 January 2024 RM	Recognised in profit or loss (Note 22) RM	At 31 December 2024 RM	Recognised in profit or loss (Note 22) RM	At 31 December 2025 RM
Group					
Deferred tax liabilities:					
Temporary differences on property, plant and equipment	–	165,616	165,616	(150,056)	15,560
Revaluation surplus on leasehold lands and buildings	5,665,161	(657,507)	5,007,654	(345,735)	4,661,919
	5,665,161	(491,891)	5,173,270	(495,791)	4,677,479
Company					
Deferred tax liabilities:					
Revaluation surplus on leasehold lands and buildings	2,345,183	(300,845)	2,044,338	(159,650)	1,884,688
	2,345,183	(300,845)	2,044,338	(159,650)	1,884,688

14. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Temporary differences	20,789,469	20,970,048	34,282,590	34,247,308
Unabsorbed capital allowances	6,169,762	4,945,011	5,821,192	4,616,621
Unused tax losses	25,309,368	29,480,144	2,516,771	6,530,990
	52,268,599	55,395,203	42,620,553	45,394,919
Potential deferred tax assets not recognised at 24%	12,544,464	13,294,849	10,228,933	10,894,781

The unused tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
2028	22,760,394	22,915,914	–	–
2029	2,563	2,563	–	–
2030	14,296	14,296	–	–
2031	5,993	347,024	–	341,031
2032	634	3,080,973	–	3,079,302
2033	2,518,259	3,112,145	2,516,771	3,110,657
2034	7,229	7,229	–	–
	25,309,368	29,480,144	2,516,771	6,530,990

15. TRADE AND OTHER PAYABLES

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
Non-current:					
Non-trade					
Amount owing to a director	(a)	8,000,000	8,000,000	8,000,000	8,000,000
Gain on modification of amount owing to a director		(480,536)	–	(480,536)	–
		7,519,464	8,000,000	7,519,464	8,000,000
Current:					
Trade	(b)				
Third parties		18,881,783	20,724,576	12,048,357	11,708,130
Amount owing to subsidiaries		–	–	250,630	1,614,558
		18,881,783	20,724,576	12,298,987	13,322,688
Non-trade					
Accrued operating expenses		6,275,300	5,947,230	4,866,127	4,355,018
Other payables		771,473	1,342,685	659,460	1,233,930
GST and sales tax payable		1,150,817	1,037,313	960,144	877,285
Refundable deposits		16,500	16,500	16,500	16,500
Amount owing to subsidiaries	(c)	–	–	1,012,311	111,865
		8,214,090	8,343,728	7,514,542	6,594,598
Total trade and other payables (current)		27,095,873	29,068,304	19,813,529	19,917,286
Total trade and other payables (non-current and current)		34,615,337	37,068,304	27,332,993	27,917,286

15. TRADE AND OTHER PAYABLES (CONTINUED)

(a) The amount owing to a director is unsecured, non-interest bearing and repayable 3 years after the end of the financial year or thereafter upon mutual agreement between the parties. The balance is expected to be settled in cash.

(b) Trade payables are non-interest bearing and are normally granted on 7 to 90 days (2024: 7 to 90 days) terms.

(c) Amount owing to subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

The foreign currency exposure profile of trade and other payables are as follows:

	Group and Company	
	2025	**2024**
	RM	**RM**
USD	2,011	200,222
EURO	14,732	–

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii).

16. CONTRACT LIABILITIES

The contract liabilities represent advances received for delivery of goods for which performance obligations have not been satisfied. Contract liabilities are expected to be recognised as revenue over a period of 1 year. (2024: Nil)

17. REBATE LIABILITIES

Rebate liabilities represent expected rebates to be granted to customers. The Group and the Company provide rebates to certain customers based on the achievement of performance criteria stipulated in the agreements. Such rebates give rise to variable consideration. In estimating the variable consideration for the expected rebates, the Group and the Company apply the most likely amount method.

18. REVENUE

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Sales of goods	106,663,023	99,865,507	85,848,852	81,988,888
Timing of revenue recognition:				
At a point in time	106,663,023	99,865,507	85,848,852	81,988,888

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 to not disclose information about remaining performance obligations that have original expected durations of 1 year or less.

19. COST OF SALES

Cost of sales represents the production costs, direct material, labour costs and related overheads as well as the costs of inventories sold.

20. FINANCE COSTS

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Interest expenses on:				
- bank overdrafts	285,698	222,903	235,396	206,733
- lease liabilities	48,948	19,701	48,948	19,701
- hire purchase payables	127,465	136,288	99,818	123,458
- bankers' acceptances	1,413,737	1,490,990	1,324,712	1,417,977
	1,875,848	1,869,882	1,708,874	1,767,869

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Note	Group 2025 RM	Group 2024 RM	Company 2025 RM	Company 2024 RM
After charging:					
Auditors' remuneration					
- statutory audit					
- Baker Tilly Monteiro Heng PLT		174,900	179,900	120,300	125,300
Other services					
- Baker Tilly Monteiro Heng PLT		5,300	5,300	5,300	5,300
- Member firms of Baker Tilly International		39,700	38,300	15,000	19,650
Depreciation of property, plant and equipment		3,510,426	3,441,834	2,503,173	2,489,705
Property, plant and equipment written off		122	–	122	–
Loss on disposal of property, plant and equipment		6,527	–	6,527	–
Expense relating to lease of low value assets		14,100	22,540	5,100	5,280
Expense relating to short-term lease		72,290	77,030	51,990	59,030
Impairment loss on trade receivables		34,420	74,744	34,420	57,505
Impairment loss on amount owing by a subsidiary		–	–	228,642	–
Inventories written down		9,978	5,266	9,978	5,266
Loss on foreign exchange:					
- realised		56,266	70,967	56,266	70,273
Directors' remuneration:	(a)				
Directors of the Company					
- fees		100,000	100,000	100,000	100,000
- other emoluments		1,586,929	1,586,753	1,586,929	1,586,753
Director of a subsidiary					
- other emoluments					
Staff costs:		150,000	120,000	–	–
- salaries, wages and allowances		14,099,531	12,748,331	11,857,206	10,452,997
- bonus		1,053,229	783,839	877,678	653,100
- defined contribution plans		1,140,941	1,100,543	869,304	823,377
- SOCSO		170,363	167,441	132,968	129,169
- other staff related expenses		815,988	837,222	707,893	753,567

21. PROFIT BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax (continued):

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
After crediting:					
Gain on disposal of property, plant and equipment		–	(57,291)	–	(57,291)
Income from right-of-use assets		(7,200)	(7,200)	(26,400)	(26,400)
Interest income		(112,776)	(127,626)	(85,285)	(124,911)
Reversal of impairment loss on trade receivables		–	(4,057)	–	–
Reversal of inventories written down		(2,408)	(8,928)	(2,408)	(6,588)
Gain on modification of amount owing to a director		(480,536)	–	(480,536)	–
Gain on foreign exchange:					
- realised		(56)	–	–	–
- unrealised		(10,933)	(34,709)	(10,933)	(34,709)

(a) Directors' remuneration

Details of directors' remuneration including the estimated monetary value of benefits-in-kind are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company				
Executive director:				
- Fees	30,000	30,000	30,000	30,000
- Other emoluments	1,586,929	1,586,753	1,586,929	1,586,753
	1,616,929	1,616,753	1,616,929	1,616,753
Non-executive directors:				
- Fees	70,000	70,000	70,000	70,000
	70,000	70,000	70,000	70,000
	1,686,929	1,686,753	1,686,929	1,686,753

21. PROFIT BEFORE TAX (CONTINUED)

(a) Directors' remuneration (continued)

Details of directors' remuneration including the estimated monetary value of benefits-in-kind are as follows (continued):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Director of a subsidiary				
Non-executive directors:				
- Other emoluments	150,000	120,000	–	–
Grand total				
- Fees	100,000	100,000	100,000	100,000
- Other emoluments	1,736,929	1,706,753	1,586,929	1,586,753
	1,836,929	1,806,753	1,686,929	1,686,753

The number of directors of the Company whose total remuneration fall within the respective ranges are as follows:

	Number of Directors			
	2025		2024	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
Ranges of remuneration:				
RM0 - RM50,000	–	3	–	3
RM50,001 - RM100,000	–	–	–	–
RM100,001 - RM150,000	–	1	–	1
RM1,600,001 - RM1,650,000	1	–	1	–
	1	4	1	4

(b) Compensation of key management personnel

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors' remunerations	1,836,929	1,806,753	1,686,929	1,686,753
Other key management personnel				
- salaries, bonus and other emoluments	3,174,777	2,643,687	2,734,363	2,242,558
- defined contribution plan	424,977	354,825	363,593	298,378
	5,436,683	4,805,265	4,784,885	4,227,689

22. INCOME TAX CREDIT

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	(280,192)	(182,337)	(20,000)	–
- Adjustment in respect of prior year	(24,486)	–	(21,279)	–
	(304,678)	(182,337)	(41,279)	–
Deferred tax (Note 14):				
- Origination of temporary differences	(37,437)	(65,736)	–	–
- Adjustment in respect of prior years	187,493	(99,880)	–	–
- Crystalisation of revalued land and buildings	345,735	657,507	159,650	300,845
	495,791	491,891	159,650	300,845
Income tax credit recognised in profit or loss	191,113	309,554	118,371	300,845

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

22. INCOME TAX CREDIT (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax credit are as follows:

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Profit before tax	1,388,912	984,484	856,559	741,128
Tax at Malaysian statutory income tax rate of 24%	333,338	236,276	205,574	177,871
Adjustments:				
- Income not subject to tax	(115,329)	(984)	(115,329)	–
- Non-deductible expenses	838,384	981,155	595,603	705,526
- Deferred tax asset not recognised	262,224	105,525	297,565	105,525
- Utilisation of previously unrecognised deferred tax asset	(1,000,988)	(1,073,899)	(963,413)	(988,922)
- Adjustment in respect prior years income tax	24,486	–	21,279	–
- Adjustment in respect prior years deferred tax	(187,493)	99,880	–	–
- Crystalisation of deferred tax liabilities in amortisation of revalued lands and buildings	(345,735)	(657,507)	(159,650)	(300,845)
Income tax credit	(191,113)	(309,554)	(118,371)	(300,845)

23. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2025 **RM**	**2024** **RM**
Profit attributable to owners of the Company (RM)	1,566,673	1,295,590
Number of ordinary shares in issue (units)	74,833,270	74,833,270
Basic earnings/(loss) per ordinary share (sen)	2.09	1.73

(b) Diluted earnings per ordinary share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the profit per ordinary share of the Group.

24. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate;
(iii) Entities in which directors have substantial financial interests; and
(iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

24. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2025 RM	**2024 RM**	**2025 RM**	**2024 RM**
Transactions with subsidiaries				
Sales to subsidiaries				
- Hwa Tai Distribution Sdn. Bhd.	–	–	23,248,952	21,524,122
- Hwa Tai Wholesale Sdn. Bhd.	–	–	129,897	37,885
- Acetai Corporation Sdn. Bhd.	–	–	796,571	–
Commission fees reversed to a subsidiary				
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	–	–	–	257,617
Rental received from a subsidiary				
- Hwa Tai Distribution Sdn. Bhd.	–	–	22,800	22,800
Management fee received from a subsidiary				
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	–	–	773,170	240,000
Promotional support received/(provided) from/(to) subsidiaries				
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	–	–	1,082,438	493,031
- Hwa Tai Distribution Sdn. Bhd.	–	–	(9,040,977)	(6,824,303)
- Acetai Corporation Sdn. Bhd.	–	–	(262,245)	–

24. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (continued):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Transactions with directors, substantial shareholders and persons connected				
Rental of premises paid to a company in which certain directors are the directors and substantial shareholders	(144,000)	(144,000)	(144,000)	(144,000)
Rental of premises paid to a director and substantial shareholder	(33,600)	(33,600)	(33,600)	(33,600)
Transactions with a Mcompany in which a director has interest				
Legal and consultancy fees paid to a firm in which certain directors are partners	(11,875)	(2,000)	(11,875)	(2,000)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company. The remuneration of the key management personnel are disclosed in Note 21(b).

25. CAPITAL EXPENDITURE COMMITMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Capital expenditure contracted but not provided for: - purchase of property plant and equipment	488,340	1,141,440	257,340	349,040

26. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Executive Chairman for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	**Products and services**
Manufacturing and Trading	Manufacturing and trading of biscuits and cakes

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segment profit

Segment performance is used to measure performance as Group's Executive Chairman believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associate) of a segment, as included in the internal reports that are reviewed by the Group's Executive Chairman.

26. SEGMENT INFORMATION (CONTINUED)

	Note	Manufacturing RM	Trading RM	Total RM	Adjustments and eliminations RM	Total RM
2025						
Revenue:						
External sales		80,858,755	25,804,268	106,663,023	–	106,663,023
Inter - segment sales	A	23,378,849	–	23,378,849	(23,378,849)	–
		104,237,604	25,804,268	130,041,872	(23,378,849)	106,663,023
Results:						
Included in the measure of segment profit are:						
Depreciation of property, plant and equipment		3,499,660	10,766	3,510,426	–	3,510,426
Expense relating to lease of low value assets		6,300	7,800	14,100	–	14,100
Expense relating to short-term lease		72,290	22,800	95,090	(22,800)	72,290
Loss on disposal of property, plant and equipment		6,527	–	6,527	–	6,527
Impairment loss on trade receivables		34,420	–	34,420	–	34,420
Impairment loss on amount owing by subsidiaries (non-trade)		228,642	–	228,642	(228,642)	–
Property, plant and equipment written off		122	–	122	–	122
Income from subleasing right-of-use assets		(30,000)	–	(30,000)	22,800	(7,200)
Interest income		(111,894)	(882)	(112,776)	–	(112,776)
Interest expenses		1,875,848	–	1,875,848	–	1,875,848
Inventories written down		9,978	–	9,978	–	9,978
Reversal of inventories written down		(2,408)	–	(2,408)	–	(2,408)
Gain on foreign exchange						
- realised		(56)	–	(56)	–	(56)
- unrealised		(10,933)	–	(10,933)	–	(10,933)

26. SEGMENT INFORMATION (CONTINUED)

	Note	Manufacturing RM	Trading RM	Total RM	Adjustment and elimination RM	Total RM
2025						
Results (continued):						
Included in the measure of segment profit are (continued):						
Loss on foreign exchange						
- realised		56,266	–	56,266	–	56,266
Gain on modification of the amount owing to a director		(480,536)	–	(480,536)	–	(480,536)
Directors' remuneration						
- fees		100,000	–	100,000	–	100,000
- other emoluments		1,736,929	–	1,736,929	–	1,736,929
Staff costs						
- salaries, wages and allowances		13,864,863	234,668	14,099,531	–	14,099,531
- bonus		1,028,940	24,289	1,053,229	–	1,053,229
- defined contribution plans		1,113,590	27,351	1,140,941	–	1,140,941
- SOCSO		166,622	3,741	170,363	–	170,363
- other staff related expenses		811,345	4,643	815,988	–	815,988
Segment profit		1,030,776	129,494	1,160,270	228,642	1,388,912
Income tax credit/(expense)		196,113	(5,000)	191,113	–	191,113
Profit for the financial year		1,226,889	124,494	1,351,383	228,642	1,580,025
Other Information						
Segment assets	B	106,575,819	5,967,980	112,543,799	(8,693,119)	103,850,680
Segment liabilities	C	69,821,256	24,921,493	94,742,749	(20,450,454)	74,292,295
Segment capital expenditure		1,489,205	13,134	1,502,339	–	1,502,339

26. SEGMENT INFORMATION (CONTINUED)

	Note	Manufacturing RM	Trading RM	Total RM	Adjustment and elimination RM	Total RM
2024						
Revenue:						
Revenue from external customer		76,251,774	23,613,733	99,865,507	–	99,865,507
Inter - segment revenue	A	21,562,007	–	21,562,007	(21,562,007)	–
		97,813,781	23,613,733	121,427,514	(21,562,007)	99,865,507
Results:						
Included in the measure of segment profit are:						
Depreciation of property, plant and equipment		3,431,589	10,245	3,441,834	–	3,441,834
Expense relating to lease of low value assets		14,640	7,900	22,540	–	22,540
Expense relating to short-term lease		77,030	22,800	99,830	(22,800)	77,030
Gain on disposal of property, plant and equipment		(57,291)	–	(57,291)	–	(57,291)
Impairment loss on trade receivables		57,505	17,239	74,744	–	74,744
Income from subleasing right-of-use assets		(30,000)	–	(30,000)	22,800	(7,200)
Interest income		(127,626)	–	(127,626)	–	(127,626)
Interest expenses		1,869,882	–	1,869,882	–	1,869,882
Inventories written down		5,266	–	5,266	–	5,266
Reversal of inventories written down		(8,928)	–	(8,928)	–	(8,928)
Reversal of impairment loss on trade receivables		–	(4,057)	(4,057)	–	(4,057)

26. SEGMENT INFORMATION (CONTINUED)

	Note	Manufacturing RM	Trading RM	Total RM	Adjustment and elimination RM	Total RM
2024						
Results (continued):						
Included in the measure of segment profit are (continued):						
Gain on foreign exchange						
- unrealised		(34,709)	–	(34,709)	–	(34,709)
Loss on foreign exchange						
- realised						
Directors' remuneration		70,967	–	70,967	–	70,967
- fees		100,000	–	100,000	–	100,000
- other emoluments		1,706,753	–	1,706,753	–	1,706,753
Staff costs						
- salaries, wages and allowances		12,501,035	247,296	12,748,331	–	12,748,331
- bonus		767,930	15,909	783,839	–	783,839
- defined contribution plans		1,071,655	28,888	1,100,543	–	1,100,543
- SOCSO		163,626	3,815	167,441	–	167,441
- other staff related expenses		823,109	14,113	837,222	–	837,222
Segment profit		924,267	60,217	984,484	–	984,484
Income tax credit		309,554	–	309,554	–	309,554
Profit for the financial year		1,233,821	60,217	1,294,038	–	1,294,038
Other information						
Segment assets	**B**	106,589,979	8,291,864	114,881,843	(9,986,124)	104,895,719
Segment liabilities	**C**	71,062,307	27,369,869	98,432,176	(21,514,817)	76,917,359
Segment capital expenditure		1,122,546	3,100	1,125,646	–	1,125,646

26. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, assets and liabilities are as follows:

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of assets

	2025 RM	2024 RM
Investment in subsidiaries	6,937,002	6,937,002
Investment in associate	(2,175,515)	(2,175,515)
Inter-segment assets	3,931,632	5,224,637
	8,693,119	9,986,124

C Reconciliation of liabilities

	2025 RM	2024 RM
Inter-segment liabilities	20,450,454	21,514,817

Geographical information

Revenue information based on the geographical location of customers are as follows:

	RM
31 December 2025	
Malaysia	97,764,212
Thailand	2,286,360
Philippines	1,632,230
Mauritius	1,415,854
Other countries	3,564,367
	106,663,023
31 December 2024	
Malaysia	89,378,252
Thailand	4,041,054
Philippines	1,850,163
Mauritius	1,463,712
Other countries	3,132,326
	99,865,507

Information about major customer

Revenue from 1 (2024: 1) major customer amount to RM41,146,429 (2024: RM38,863,410) arising from sales of manufactured biscuits.

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
At 31 December 2025		
Financial assets		
Group		
Trade and other receivables	41,504,368	41,504,368
Cash, bank balances and short-term deposits	8,117,963	8,117,963
	49,622,331	49,622,331
Company		
Trade and other receivables	33,210,084	33,210,084
Cash, bank balances and short-term deposits	4,713,545	4,713,545
	37,923,629	37,923,629
Financial liabilities		
Group		
Loans and borrowings *	(29,581,664)	(29,581,664)
Trade and other payables ^	(33,464,520)	(33,464,520)
	(63,046,184)	(63,046,184)
Company		
Loans and borrowings *	(26,594,740)	(26,594,740)
Trade and other payables ^	(26,372,849)	(26,372,849)
	(52,967,589)	(52,967,589)

* Excluded lease liabilities

^ Excluded GST payable and sales tax payable

27. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (continued):

	Carrying amount RM	Amortised cost RM
At 31 December 2024		
Financial assets		
Group		
Trade and other receivables	41,702,537	41,702,537
Cash, bank balances and short-term deposits	7,944,815	7,944,815
	49,647,352	49,647,352
Company		
Trade and other receivables	33,567,622	33,567,622
Cash, bank balances and short-term deposits	4,927,211	4,927,211
	38,494,833	38,494,833
Financial liabilities		
Group		
Loans and borrowings *	(29,502,054)	(29,502,054)
Trade and other payables ^	(36,030,991)	(36,030,991)
	(65,533,045)	(65,533,045)
Company		
Loans and borrowings *	(27,406,930)	(27,406,930)
Trade and other payables ^	(27,040,001)	(27,040,001)
	(54,446,931)	(54,446,931)

* Excluded lease liabilities
^ Excluded GST payable and sales tax payable

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade and other receivables) and from their investing activities, including deposits with banks and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

Credit risk concentration profile

The information on credit risk concentration is disclosed in Note 9 to the financial statements.

Analysis on trade receivables

The Group and the Company maintain an ageing analysis in respect of trade receivables as follows:

	Gross carrying amount RM	Individual impairment RM	Collective impairment RM	Net carrying amount RM
Group				
2025				
Neither past due nor impaired	28,823,020	–	–	28,823,020
Past due 1 - 30 days	5,526,174	–	–	5,526,174
Past due 31 - 120 days	3,720,309	–	–	3,720,309
Past due more than 120 days	5,977,005	(1,946,340)	(1,494,352)	2,536,313
	44,046,508	(1,946,340)	(1,494,352)	40,605,816

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Analysis on trade receivables (continued)

The Group and the Company maintain an ageing analysis in respect of trade receivables as follows (continued):

	Gross carrying amount RM	Individual impairment RM	Collective impairment RM	Net carrying amount RM
Group				
2024				
Neither past due nor impaired	29,441,580	–	–	29,441,580
Past due 1 - 30 days	4,718,838	–	–	4,718,838
Past due 31 - 120 days	4,238,560	–	–	4,238,560
Past due more than 120 days	5,683,353	(1,946,340)	(1,459,932)	2,277,081
	44,082,331	(1,946,340)	(1,459,932)	40,676,059
Company				
2025				
Neither past due nor impaired	23,804,872	–	–	23,804,872
Past due 1 - 30 days	3,100,728	–	–	3,100,728
Past due 31 - 120 days	3,095,708	–	–	3,095,708
Past due more than 120 days	21,106,206	(17,531,736)	(1,494,352)	2,080,118
	51,107,514	(17,531,736)	(1,494,352)	32,081,426
Company				
2024				
Neither past due nor impaired	24,715,634	–	–	24,715,634
Past due 1 - 30 days	2,562,875	–	–	2,562,875
Past due 31 - 120 days	2,549,715	–	–	2,549,715
Past due more than 120 days	20,630,679	(17,531,736)	(1,459,932)	1,639,011
	50,458,903	(17,531,736)	(1,459,932)	31,467,235

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, other than as disclosed in Note 9, the Group and the Company recognise allowance for impairment for other receivables and other financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM2,426,186 (2024: RM1,872,752) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows		
	Carrying amount RM	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**Total RM**
Group				
At 31 December 2025				
Financial liabilities				
Trade and other payables ^	33,464,521	33,464,521	–	33,464,521
Loans and borrowings	30,182,452	28,954,462	1,454,514	30,408,976
	63,646,973	62,418,983	1,454,514	63,873,497
At 31 December 2024				
Financial liabilities				
Trade and other payables ^	36,030,991	36,030,991	–	36,030,991
Loans and borrowings	29,944,368	28,581,616	1,575,575	30,157,191
	65,975,359	64,612,607	1,575,575	66,188,182

^ Excluded GST payable and sales tax payable

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (continued):

		Contractual cash flows		
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	Total RM
Company				
At 31 December 2025				
Financial liabilities				
Trade and other payables ^	26,372,849	26,372,849	–	26,372,849
Loans and borrowings	27,195,528	26,362,472	972,242	27,334,714
Financial guarantee contracts	–	2,426,186	–	2,426,186
	53,568,377	55,161,507	972,242	56,133,749
At 31 December 2024				
Financial liabilities				
Trade and other payables ^	27,040,001	27,040,001	–	27,040,001
Loans and borrowings	27,849,244	26,626,129	1,402,819	28,028,948
Financial guarantee contracts	–	1,872,752	–	1,872,752
	54,889,245	55,538,882	1,402,819	56,941,701

^ Excluded GST payable and sales tax payable

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign associate.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group and the Company do not hedge their foreign currency exposures. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	USD RM	CNY RM	Other Currencies RM	Total RM
Group and Company				
At 31 December 2025				
Trade and other receivables	1,152,177	–	22	1,152,199
Cash and bank balances	52,464	–	13,560	66,024
Other payables	(2,011)	–	(14,732)	(16,743)
	1,202,630	–	(1,150)	1,201,480
At 31 December 2024				
Trade and other receivables	882,150	207,756	9,708	1,099,614
Cash and bank balances	1,099	–	–	1,099
Other payables	(200,222)	–	–	(200,222)
	683,027	207,756	9,708	900,491

The sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss is immaterial if the foreign currency changes against the functional currency by 50 basis point with all other variables held constant.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in basis point RM	Effect on profit for the financial year RM	Effect on equity RM
Group			
At 31 December 2025	+100	210,097	210,097
	-100	(210,097)	(210,097)
At 31 December 2024	+100	215,504	215,504
	-100	(215,504)	(215,504)
Company			
At 31 December 2025	+100	191,658	191,658
	-100	(191,658)	(191,658)
At 31 December 2024	+100	201,271	201,271
	-100	(201,271)	(201,271)

(c) Fair value measurement

(i) Cash and deposits, receivables and payables

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

(ii) Other payable, loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long-term other payable, fixed rate loans and borrowings are estimated by discounting future cash flows using lending rates for similar type of arrangements.

There have been no transfers between Level 1 and Level 2 during the financial year (2024: no transfer in either direction).

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's liabilities that are not carried at fair value:

		Fair value of financial instruments not carried at fair value			
	Carrying amount RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
At 31 December 2025					
Financial liabilities					
Non-current:					
Other payable					
- Amount owing to a director	7,519,464	–	–	7,519,464	7,519,464
Loans and borrowings					
- Hire purchase payables	1,081,397	–	–	1,081,397	1,081,397
	8,600,861	–	–	8,600,861	8,600,861
At 31 December 2024					
Financial liabilities					
Non-current:					
Other payable					
- Amount owing to a director	8,000,000	–	–	8,000,000	8,000,000
Loans and borrowings					
- Hire purchase payables	1,207,049	–	–	1,207,049	1,207,049
	9,207,049	–	–	9,207,049	9,207,049

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's liabilities that are not carried at fair value (continued):

	Carrying amount RM	Fair value of financial instruments not carried at fair value — Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company					
At 31 December 2025					
Financial liabilities					
Non-current:					
Other payable					
- Amount owing to a director	7,519,464	–	–	7,519,464	7,519,464
Loans and borrowings					
- Hire purchase payables	650,452	–	–	650,452	650,452
	8,169,916	–	–	8,169,916	8,169,916
At 31 December 2024					
Financial liabilities					
Non-current:					
Other payable					
- Amount owing to a director	8,000,000	–	–	8,000,000	8,000,000
Loans and borrowings					
- Hire purchase payables	1,053,475	–	–	1,053,475	1,053,475
	9,053,475	–	–	9,053,475	9,053,475

28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2025 and 31 December 2024.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by shareholders' equity. The gearing ratio at 31 December 2025 and 31 December 2024 are as follows:

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Trade and other payables	15	34,615,338	37,068,304	27,332,993	27,917,286
Loans and borrowings	13	30,182,452	29,944,368	27,195,528	27,849,244
Total debts		64,797,790	67,012,672	54,528,521	55,766,530
Shareholders' equity		29,526,930	27,960,257	22,502,961	21,528,031
Gearing ratio		219%	240%	242%	259%

STATEMENT BY **DIRECTORS**

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **DATUK SOO CHUNG YEE J.P.** and **KAMAL BIN ABD KARIM**, being two of the directors of Hwa Tai Industries Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 51 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

DATUK SOO CHUNG YEE J.P.
Director

KAMAL BIN ABD KARIM
Director

Date: 21 April 2026

STATUTORY **DECLARATION**

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **YANG MIIN YANN**, being the officer primarily responsible for the financial management of Hwa Tai Industries Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 51 to 114 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YANG MIIN YANN
(MIA Membership No: 54541)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 April 2026.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hwa Tai Industries Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 51 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audit of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group and Company

Inventories (Notes 4(a) and 8 to the financial statements)

The Group and the Company have significant balance of inventories as at 31 December 2025.

We focused on this area because the computation and cost allocation process involve multiple inputs and judgement by management. The Group is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other costs and the appropriate allocation of overheads based on normal operating capacity. The valuation of these inventories at standard costing by the Group is an area of significant estimate made by the management.

Our response:

Our audit procedures included, among others:

- obtaining an understanding of the standard costing system, including how standard costs are determined and updated;
- discussing with the Group on the computation of the inventory costing which includes costs of raw materials, direct labour and other costs incurred in bringing the inventories to their present location and condition; and
- testing the mathematical calculation of selected standard cost.

Trade receivables (Notes 4(b) and 9 to the financial statements)

The Group and the Company have significant balances of trade receivables amounting to RM40,605,816 and RM32,081,426 respectively as at 31 December 2025.

We focused on this area because the Group made judgements and assumptions about risk of default and expected loss rate. In making these assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history and existing market condition at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and controls associated with monitoring of outstanding receivables;
- developing understanding of significant credit exposures which were overdue through analysis of ageing reports;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts and considering level of activity with the customer; and
- assessing the reasonableness and calculation of impairment loss provided as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD (CONTINUED)

Key Audit Matters (continued)

Group and Company (continued)

Property, plant and equipment (Notes 4(c) and 5 to the financial statements)

The Group and the Company have significant balances of property, plant and equipment under capital work-in-progress as at 31 December 2025.

We focused on this area because the impairment assessment of capital work-in-progress relies on valuation reports prepared by experts, which involve significant judgement. The Group has performed an impairment assessment to estimate the recoverable amount of these assets, and this assessment requires the experts to make significant assumptions and judgements.

Our response:

Our audit procedures included, among others:

- understanding the competence, capabilities and objectivity of the valuer which include consideration of their qualifications and experience;
- reading the valuation report and discussing with the valuer on their valuation approach and the significant judgements applied in their work; and
- discussing with the directors on the appropriateness of the disclosures in the financial statements relating to the valuation.

Company

Investment in subsidiaries (Note 4(d) and 6 to the financial statements)

The Company has significant balance of investment in subsidiaries amounting to RM6,937,002 as at 31 December 2025. At the end of the financial year, the directors are required to determine if there is any indication of impairment in investment in the subsidiaries. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount using value-in-use requires significant judgement to be made by the management, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions and its recoverable amount;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions by assessing the impacts of these key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2027 J
Chartered Accountant

Kuala Lumpur

Date: 21 April 2026

ANALYSIS OF **SHAREHOLDINGS**

AS AT 31 MARCH 2026

Class of securities	:	Ordinary shares
Total amount of shares issued as fully paid	:	74,833,270
Voting rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings.

SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	135	4.84	2,681	0.01
100 - 1,000	712	25.52	531,270	0.71
1,001 - 10,000	1,436	51.47	6,718,505	8.98
10,001 - 100,000	455	16.31	13,532,997	18.08
100,001 - less than 5% of issued shares	51	1.83	23,036,450	30.78
5% and above of issued shares	1	0.03	31,011,367	41.44
Total	**2,790**	**100.00**	**74,833,270**	**100.00**

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members		No. of Shares	% of Shareholdings
1.	Soo Chung Yee	31,011,367	41.44
2.	Teh Leong Kok	3,162,800	4.23
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Soo Chung Yee)	2,008,800	2.68
4.	Liang Chiang Heng	1,787,200	2.39
5.	Lanjut Bestari Sdn Bhd	1,434,750	1.92
6.	Tan Leok Kwee	1,320,000	1.76
7.	Mohd Nasri Bin Abdul Rahim	1,230,000	1.64
8.	Yam Lai Mun	1,218,000	1.63
9.	Chai Koon Khow	1,125,100	1.50
10.	Wong Pui Yin	616,800	0.82
11.	JK PSD Sdn. Bhd.	500,000	0.67
12.	Moo Soo Chin	445,400	0.60
13.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Chua Eng Ho Wa'a @ Chua Eng Wah)	444,300	0.59
14.	Kenanga Nominees (Tempatan) Sdn Bhd (A/C Rakuten Trade Sdn Bhd for Norhaslina Binti Mohd Hanafi)	409,700	0.55

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2026 (CONTINUED)

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name of Shareholders as per Register of Members		No. of Shares	% of Shareholdings
15.	Public Nominees (Tempatan) Sdn Bhd (A/C Sii Toh Ping)	400,000	0.53
16.	Syed Alwi Bin Syed Abbas Al-Habshee	400,000	0.53
17.	Suzana Binti Shamsudin	387,000	0.52
18.	Addeen Trading Sdn Bhd	384,500	0.51
19.	Ng Ah Poh	334,100	0.45
20.	Lim Keng Chuan	259,000	0.35
21.	Lee Sau Kwang	250,000	0.33
22.	Lim Beng Cheong	250,000	0.33
23.	Tan Pek Leng	234,000	0.31
24.	Thong Foo Ching @ Thong Chuan Ching	220,800	0.30
25.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Pui Wee Kuan)	210,000	0.28
26.	Chung Shan Hui	200,000	0.27
27.	HLIB Nominees (Tempatan) Sdn Bhd (A/C Lim Beng Cheong)	200,000	0.27
28.	Shaharudin Bin Mohamad Hashim	199,900	0.27
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Sett Ee-RLan)	199,300	0.27
30.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Tay Sian Tuan)	176,000	0.24
Total		**51,018,817**	**68.18**

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2026 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Datuk Soo Chung Yee J.P.	33,020,167	44.13	–	–	33,020,167	44.13

DIRECTORS’ SHAREHOLDINGS

According to the registers required to be kept under Section 59 of the Companies Act 2016, the directors’ interest in the ordinary shares of the Company are as follows:-

Name of Director	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Datuk Soo Chung Yee J.P.	33,020,167	44.13	–	–	33,020,167	44.13

Datuk Soo Chung Yee J.P. is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his interest in the ordinary shares of the Company.

Other than as disclosed above, none of the other directors hold any share in the Company or its related companies.

LIST OF
GROUP PROPERTIES
HELD AS AT 31 DECEMBER 2025

	Location	Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition/ Revaluation (Year)	Date of Expiry (Year)	Estimated Age of Building (Years)	Net Book Value (RM'000)
1	Lot No. PTD 1098 & PTD 1099 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	87,120	56,150	Leasehold	Factory land & Industrial buildings (Own Occupation)	1983 (R) 2023 (R)	2037	48	7,052
2	Lot No. PTD 1731 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	23,745	Leasehold	Factory land & Industrial buildings (Own Occupation)	1985 (R) 2023 (R)	2039	43	2,894
3	Lot No. PTD 1171 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	19,670	Leasehold	Factory land & Industrial buildings (Own Occupation)	1978 (A) 2023 (R)	2038	46	2,773
4	Lot No. PTD 881 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,780	6,600	Leasehold	Factory land & Industrial buildings (Own Occupation)	1991 (A) 2023 (R)	2035	46	1,269
5	Lot No. PTD 1007 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,775	15,923	Leasehold	Factory land & Industrial buildings (Own Occupation)	2011 (A) 2023 (R)	2036	49	1,539
6	Lot No. PTD 7028 & 7029 at Mukim Linau, District of Batu Pahat, Johor Darul Takzim	1,540 (per unit)	1,540 (per unit)	Freehold	2 units single storey terrace houses (Own Occupation)	1992 (A) 2023 (R)	–	33	133
7	Lot No. PTD 80369 1 Jalan Impian Ria 6, Taman Impian Jaya, Skudai, Johor Darul Takzim	7,476	1,592	Leasehold	1 unit 2 storey corner house (Vacant)	2006 (A) 2023 (R)	2097	27	291
8	Lot No. PTD 40 (CL.025336609), PTD 41 (CL.025336618) & CL.025341548 Lok Kawi Light Industrial Estate, District of Kota Kinabalu, Sabah	121,908	49,237	Leasehold	Factory land & Industrial buildings (Own Occupation)	1989 (A) 2023 (R)	2042 (CL.025336618 & CL.025336609) 2091 (CL.025341548)	33	8,877

Hwa Tai Industries Berhad
华大工业有限公司
Registration No.: 197401002656 (19688-V)

FORM OF PROXY

I / We, ...NRIC/Passport No. ....

of ....

(Tel. No.) .... being a member of **HWA TAI INDUSTRIES BERHAD**, hereby appoint

.... NRIC/Passport No. ....

of ....

or failing him / her ....NRIC/Passport No. ....

of .... or failing him / her the Chairman of the Meeting, as my / our proxy, to vote for me / us and on my / our behalf at the Fifty-First Annual General Meeting of the Company to be held on Thursday, 11 June 2026 at 11.30 a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Resolution	*Resolutions relating to:*	*For*	*Against*
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Re-election of Director, Datuk Soo Chung Yee J.P.		
Ordinary Resolution 3	Appointment of Baker Tilly Monteiro Heng PLT as Auditors and their remuneration		
Ordinary Resolution 4	Retention of Independent Non-Executive Director, Kamal Bin Abd Karim		
Ordinary Resolution 5	Retention of Independent Non-Executive Director, Aisyah Kamaliah Binti Abu Bakar		
Ordinary Resolution 6	Ordinary Resolution – Authority to allot and issue shares in general pursuant to Sections 75 & 76 of the Companies Act, 2016 and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016		

Please indicate with (X) how you wish your vote to be cast.

No. of Shares Held	

Date: ....   Signature: ....

NOTES:

(1) *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint at least 1 proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
(2) *Where a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
(3) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of such securities account.*
(4) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
(5) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

Postage

THE SECRETARY
HWA TAI INDUSTRIES BERHAD
NO. 12 JALAN JORAK
KAWASAN PERINDUSTRIAN TONGKANG PECAH
83010 BATU PAHAT
JOHOR DARUL TAKZIM
MALAYSIA

1st fold here

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LUXURY
PESTA
NO Cholesterol Transfat MSG
CLASSIC Siang Siang Calcium Cream Cracker
CLASSIC Sugar Calcium Cracker
Vitamin: A, B1, B2, B6, D
Calcium & Iron
Cheese
Cereal & Chia Seed
Calcium Cracker
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Monde Selection 1996
Monde Selection 2001
FOOD SAFETY SYSTEM
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CERTIFIED TO ISO 22000: 2018
CERT. NO. : FSMS 00173
QUALITY SYSTEM
SIRIM
CERTIFIED TO ISO 9001: 2015
CERT. NO. : QMS 00391
HACCP CERTIFIED
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